

EUROPEAN NEWS

David Fishlock assesses the significance of Moscow's agreement to allow inspection of its reactors
Why a little nuclear knowledge is better than nothing

WILL THE world be a safer place when, as it has promised, the Soviet Union allows international inspectors to visit its nuclear power stations? Moscow is setting great store by the gesture, and the International Atomic Energy Agency is hoping to make its first inspection next summer, on the eve of the review conference for the Non Proliferation Treaty (NPT).



Dr Blix... inspection procedures may be useful if arms limitation can be agreed.

nations which refused to sign the NPT. The Soviet offer to open its civil nuclear plants to inspection raises some interesting questions. Like other weapon states, Moscow will volunteer which facilities it is prepared to have the inspectors visit. Only Soviet reactors—they have 40 in operation—not fuel facilities are expected to be volunteered.

facilities in a weapon state? No, says Dr Hans Blix, IAEA director-general, who sees the Soviet gesture as an act of goodwill and "a very important step" in progress towards universal safeguards.

stream by 1987, which will enrich fuel for its Koeberg nuclear station near Capetown. By inspecting this plant, the IAEA will effectively be applying its safeguards regime to all the fuel that goes into and leaves the Koeberg reactors.

Polish Government faces first clash with new unions

BY CHRISTOPHER BOBINSKI IN WARSAW

TALKS ARE expected soon between Poland's new printers' union and the Government in a serious dispute over the industry's future. It is the first of its kind since Solidarity was banned in 1982 and replaced by new unions.

West German chemicals buoyant

BY JOHN DAVIES IN FRANKFURT

THE CHEMICAL industry in West Germany is having another buoyant year but sees signs of the pace of growth slowing down.

Chemical companies, which generally saw a sharp recovery in profits last year, have further improved their earnings this year as they have been able to make more use of production capacity.

slacking, the chemical industry expects output for the whole year to end more than 5 per cent ahead of last year—a stronger performance than in the whole and a more sturdy momentum than forecast.

Barzel fights back over Flick affair allegations

BY JAMES BUCHAN IN BONN

HEER RAINER BARZEL, the speaker of the West German Parliament and former chairman of the Christian Democrats (CDU), went on the offensive yesterday to defend himself against a new set of allegations arising from the so-called Flick affair.

Last week, the parliamentary committee of inquiry investigating the "Flick affair" voted to call Herr Barzel as a witness. He will be asked if he received money from the Flick concern by means of a Frankfurt legal practice and whether this may have influenced government approval of the tax exemptions.



Hungarian paper defends campaign against the rich

BY LESLIE COLTIT IN BERLIN

OPPOSITIONISTS of Hungary's economic reforms claim the economy is being damaged by an official newspaper's campaign against rich people, the newspaper said yesterday.

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EUROPEAN NEWS

Bonn raises emigration issue with Ceausescu

By Rupert Cornwell in Bonn
BONN yesterday stepped up its pressure on an apparently unyielding President Nicolae Ceausescu of Romania to make it simpler for ethnic Germans in his country to emigrate to the West.

The delicate topic of the 360,000 German speakers in Romania—roughly 1.6 per cent of the total population—was raised shortly after Mr Ceausescu's arrival here on a two-day state visit, during a meeting with President Richard von Weizsäcker, the West German head of state.

However, the Romanian leader has repeated his opposition to the idea. In his view, Germans, many of whose families had been there 700 years, could not claim to be part of any country but Romania, despite the linguistic differences.

UK faces court action over VAT exemptions

By Quentin Peel in Brussels

THE EUROPEAN Commission is poised to take the British Government to court for failing to impose value added tax on a range of goods and services, including commercial and industrial property development, fuel, power, sewerage and water services to industry, newspaper advertisements and animal feeds.

Britain has until early November to reply to the charge that it has illegally exempted those items from VAT, or face action in the European Court. Imposition of VAT on the goods and services involved could increase costs for a wide range of British industry, but the Commission argues that Britain is out of line with the rest of the European Community, and has therefore been enjoying an unfair competitive advantage.

All the items have been zero-rated for the tax under EEC legislation allowing exemption where goods or services have some social purpose, and where the benefit is directly passed to the final consumer. Now the Commission is arguing that the British Government has stretched the meaning of the law to include too many areas.

If the case is brought, it would be the most substantial to date in defining how far individual member states can go in granting zero-rating. Apart from commercial and industrial property development, the list of alleged infringements includes the provision of water, power, fuel and sewerage services to industrial consumers; animal feeds, live animals sold for eventual food production, and seeds; news-

paper advertisements and news agency services; and protective boots and helmets bought by employers for their employees.

The key to a court action will be the definition of when exemption from VAT has a social purpose, and when it can be said to give direct benefit to the consumer. Some 40 per cent of all British output is zero-rated, a far higher level than in any other EEC member states except Ireland.

Move to open up telecom market

By Paul Cheswright in Luxembourg

THE FIRST steps towards widening the European Community market for telecommunications manufacturers were taken yesterday when industry ministers agreed to open national markets for at least 10 per cent of annual orders.

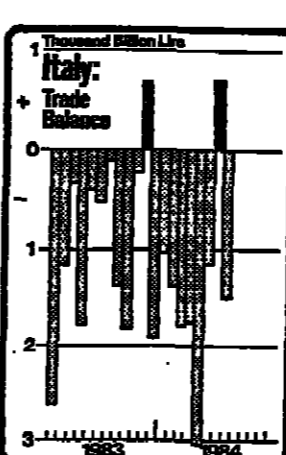
The ministers' meetings in Luxembourg were concerned both to take the first faltering steps towards a common market in telecommunications equipment and to offer manufacturers wider opportunities by starting to stick together a fragmented market. Hitherto, most markets in the EEC have been the preserve of national manufacturers. They receive preference over foreign suppliers from the national tele-

communications authorities. However, the scope of the industry ministers' move was diminished by the fact that their agreement was couched in the form of a recommendation for an experimental period. Thus, it has no legally binding force in the way that a directive has.

The agreement was reached after objections from four governments were eroded by drafting changes. France wanted only EEC companies to be the recipients of orders arising from the recommendation but was placated by a form of words saying that Community companies would benefit. Belgium, France and Ireland

wanted the recommendation to be applied only to network equipment and not to all equipment and supplies, but were satisfied with the specification that the matter referred mainly to network equipment. The UK wanted the position of British Telecom as a putative private sector company to be taken into account. As ministers moved on to other topics, the British delegation was awaiting instructions on whether it could accept a form of words devised to meet the point.

The opening up of the national markets is part of a wider programme for telecommunications advanced by the European Commission.



Italian trade hope dashed

By Alan Friedman in Milan

ITALY'S TRADE balance took a turn for the worse in August registering a L1,474bn (£332m) deficit and dashing hopes that July's surplus might have marked a turning point.

The L11,000bn (£4.7bn) trade deficit for the first eight months of this year has now almost equalled the country's deficit for the whole of last year. It is also some 34 per cent higher than the L8,216bn deficit for January-August 1983.

The key factors contributing to the trade deficit in recent months have been the cost of energy imports and the negative effect of the strong U.S. dollar. In the first eight months Italy bought L91,576bn worth of imported goods, a rise of 19.3 per cent year-on-year. Exports grew at a slower rate of 17.6 per cent to L80,575bn.

Another feature of the deficit is the strong rise in imports of semi-finished and metal products. These have grown by 36 and 43 per cent respectively so far this year and point to industrial recovery as most of the goods are used in production.

Launch of French TV satellite postponed

By David Marsh in Paris

FRANCE HAS been forced to postpone the launch of its trouble-bit first direct television broadcasting satellite, TDF-1, because of technical difficulties with amplifying equipment being built for the spacecraft.

Telediffusion de France, the satellite TV group, said yesterday the launch, up to now planned for November 1985, could not take place before the third quarter 1986, but denied reports that it would have to be postponed until 1987.

The difficulties, concerning high-powered amplification tubes manufactured by the state electronics group Thomson, amount to another setback for a project which has already experienced its share of problems.

The government still has not decided whether to go ahead with building a second satellite, TDF-2, needed to make the system operational, partly because of doubts about whether a heavy or medium-sized satellite would be best suited for the purpose.

M Jacques Delors, president-elect of the European Commission and former French Finance Minister, had talks in London yesterday with Prime Minister Margaret Thatcher, and Sir Geoffrey Howe, the Foreign Secretary, during what was described as an "exploratory visit," writes Robert Mautner.

TDF-1 is being manufactured by a Franco-German grouping headed by Aerospatiale and Messerschmitt-Boelkow-Blom. A similar satellite, TV-Sat, being built for West Germany, has up to now been planned to be launched in September 1985.

Renault and unions open talks on job losses

By Paul Betts in Paris

RENAULT, the French state-owned motor group, yesterday started an important round of negotiations with the unions on a long-term restructuring and job reduction programme, the aim of which is to cut losses and boost productivity significantly.

Although Renault has said it intends to avoid compulsory redundancies, M Bernard Hanon, the chairman, warned that redundancies were possible if employees refused to accept the principle of job mobility.

Before the start of yesterday's talks, M Hanon said on radio that Renault was not Father Christmas. This was a reference to his announcement at the beginning of this month that the company would adopt a conciliatory approach to its job reduction problem. Renault expects to reduce the workforce of its French car division by 4,000-5,000 employees next year through early retirements and other voluntary means. But to achieve the necessary annual productivity gains of 7 per cent to remain competitive, the group is also seeking an extra 10,000 job cuts.

Barre slams budget plans

By David Housego in Paris

M RAYMOND BARRE, the former French Prime Minister, launched a stinging attack yesterday on the Government's budget proposals for 1985 to coincide with the opening of the debate on the budget in the National Assembly.

In an article in Le Monde, M Barre poured cold water on President Mitterrand's much publicised cut in taxes next year. He said that the reduction in personal and corporate taxes—much smaller in his eyes than the 1 per cent of GNP claimed by President Mitterrand—would have to be paid for through a higher budget deficit and hence through more inflation.

Even if the rise in consumer prices seems moderate," he said, "the Government has not conquered inflation. It has disguised it for the time being thanks to wage and price controls." M Barre said that the budget deficit next year would be well above the FF 139,800bn (£12bn) claimed by the Government. Next year's deficit would come on top, he said, of a FF 160bn deficit this year (equivalent to 3.7 per cent of GNP) and thus significantly higher than official forecasts.

Italy's World Cup football victory marred by a late cry of 'foul'

By James Buxton in Rome

A MAGISTRATE in Rome has started to investigate one of the most glorious and hallowed events in recent Italian history—the victory of the national football team in the 1982 World Cup.

Sig Francesco Nitto Palma is examining allegations that the powerful Cameroon national team was bribed to reach a draw with Italy in the

qualifying rounds of the competition which was played in Spain. Cameroon and Italy reached a 1-1 draw, a result just good enough to allow the Italian national team, which had until then put up a lacklustre performance, to go through to the quarter-finals. There Italy won a sensational victory over Brazil. In

the final, the Italian team beat West Germany and triggered a festival of national rejoicing. The first suggestion that the draw with Cameroon might not have been completely above board surfaced in the Italian Press a few weeks ago. Two journalists reported that representatives of the Italian team paid the

Cameroon players L150m (£34,000 each) not to win. The allegations were instantly and furiously denied by the Italian manager, Sig Enzo Berrot. Perhaps more tellingly, they were also denied by the two principal sources of the allegation, a Cameroon secret service agent, who initially investigated the affair, and an Italian businessman,

who is said to have acted as a go-between. However, an Italian Member of Parliament was bold enough to make an official denunciation of the alleged bribery and it is this that Sig Palma is to investigate. He is expected to interrogate the main witnesses in the affair and to carry out interviews abroad.

Most people have expressed considerable scepticism about the claim, questioning for example why, if bribery was involved, the Italians did not pay for a victory rather than a draw. But those who remember the match have confessed to being surprised that the Cameroon team never seemed to press home its attack.



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OVERSEAS NEWS

Gandhi expected to call general election for turn of the year

BY JOHN ELLIOTT IN NEW DELHI

ALL INDIA'S major political parties have started detailed preparations for the country's coming general election, which Prime Minister Indira Gandhi is now expected to call for the turn of the year.



Mrs Indira Gandhi... expected to remain in power.

Pre-election fever is already beginning to grip the nation. Government activity is slowing and Mrs Gandhi's tour of the country is being regarded as the informal start of her own campaign.

She now seems most likely to choose a date for the first 10 days of January, or possibly even for the final days of December, for the Lok Sabha, India's Lower House.

Her Congress I party completed at the weekend a three-day series of pre-election conferences embracing all of its regional leaders and merger talks are continuing between the two key opposition parties, Janata and Lok Dal.

Congress I is expected to win sufficient support in the election to remain in power. The party is split in many states with rival personalities and local factions, but Mrs Gandhi's personal appeal is strong, especially in rural areas where most of India's 700m population live. There is no other significant leader nationally and the opposition parties are in disarray, despite attempts to come together.

Speculation has built up during the past year that Mrs Gandhi may be so concerned about the prospect of not winning outright power that she will delay the election for six months or more. She could do this by summoning the Lok Sabha, which is now in recess, and dissolving it. That would give her a six-month interregnum before she need hold an election.

Alternatively she could change the constitution to allow for longer than the existing five-year maximum period between elections. Another option would be to change the constitution so she could become an elected executive President.

On balance, however, she seems likely to go for an election "on schedule," as she has been constantly promising for the past year. This means a turn-of-the-year election to enable a new Lok Sabha to sit by January 20, five years after the existing sessions began. One of the main themes of

South Africa hits out at the UK's visiting MP

By Anthony Robinson in Durban

MR DONALD ANDERSON, the visiting UK Labour MP, yesterday found himself the target of strong criticism from Mr Pik Botha, the South African Foreign Minister, Mr Anderson continued his fact-finding trip with a visit to Pietermaritzburg jail for talks with the three anti apartheid activists rearrested 10 days ago as they left the British consulate in Durban.

Mr Anderson, who had strongly criticised South Africa's detention without trial laws on arrival and who is meeting various anti-apartheid groups during his trip, was rebuked by Mr Botha for his "emotional outburst." He was asked to reflect on whether any other country in Africa would allow a foreigner to visit detainees and then make critical remarks about the government in public and was reminded that Britain had applied similar security laws to deal with the Irish Republican Army.

Commenting on Mr Botha's remarks prior to meeting white and black church leaders in Durban, Mr Anderson said he was sure he would be able to visit detainees in other African countries.

Mr Anderson said he also found it "both absurd and worrying" that Mr Botha should attempt to compare temporary emergency legislation designed to deal with the IRA, which he said was committed to terrorism, with legislation affecting bodies like the United Democratic Front, which he described as a non-violent organisation dedicated to peaceful change.

The sharp words between the two men reflect the intense irritation of the South African Government at Mr Anderson's visit, undertaken at the behest of Mr Neil Kinnock, the UK Opposition leader. Further evidence of the unpopularity of Mr Anderson's visit in some circles came with threats of violence against him during his stay.

Mr Anderson has had both police protection and protection by UDF activists during his visit to the British consulate and the prison. Mr Anderson was due to visit the three men in the British consulate for the second time last night, before addressing an anti apartheid rally.

David Lennon assesses the results of the Israeli premier's visit to Washington

Peres wins a much-needed breathing space

MR SHIMON PERES, the Israeli Prime Minister, returned from his visit to Washington with a series of undertakings which should buy a much-needed breathing space for Israel's troubled economy.

Essentially the Reagan Administration eased Israel's immediate foreign currency reserves crisis, but it made clear to the premier that he must move rapidly to tackle the country's economic woes, most especially soaring inflation.

The premier's main achievements are the immediate transfer of the 1985 aid grant of \$1.2bn (£1bn), a postponement of all Israeli debt repayments to the U.C. Government for the next few months and President Reagan's promise of U.S. assistance if Israel's current account deficit becomes totally unsustainable.

Cabinet Ministers appeared very pleased with the premier's achievements. Some senior officials in the economic ministries were less certain that the time bought by the premier would help Israel avoid a deep crisis, especially as the rate of inflation appeared to be doubling to 800 per cent.

The new premier did not win an immediate increase in the total of U.S. economic aid for 1985. However, the Administration will apparently ask Congress, when it reconvenes next year, to cancel the repayment of about \$500m. This is the portion of the debt covered by the period of the moratorium.

But this is a double-edged sword because, while saving Israel's depleted foreign currency reserves from further depletion, it does little to ease doubts among international bankers about the country's credit worthiness.



All studies in Washington: Prime Minister Shimon Peres (right) with U.S. Secretary of State George Shultz on the Israeli leader's arrival a week ago.

Mr Peres appears to have scored a mixed success over his request for U.S. assistance in mediating with Syria and Lebanon over the conditions for an early withdrawal of Israeli troops.

President Reagan said the U.S. "stands ready to help," but made it clear that the Administration will not become involved in a new mediation effort unless it is assured that all parties are seriously committed to finding a solution.

President Hafiz Assad of Syria arrived in the Soviet Union yesterday for talks intended "to counter American expansionist moves in the Middle East," according to the government-controlled media in Damascus, Louis Fares writes from Damascus.

The newspapers said that President Assad's visit was likely to last for three days. It was the first official trip which Mr Assad had paid to Moscow since the funeral of President Brezhnev in 1982.

Mr Assad, who signed a 20-year treaty of friendship and co-operation with Moscow in October 1982, was reported

by the Arab press to have made two secret trips to the Soviet capital, but these were never confirmed nor denied.

The newspapers of Syria's ruling Socialist Ba'ath party said the new visit "has a special importance because it comes amid extraordinary circumstances and signs of a big conspiracy being concocted by the U.S. and Israel."

Syrian officials have charged that Jordan's recent resumption of diplomatic relations with Egypt was part of a U.S.-blessed scheme to blend the two countries in an alliance with Iraq to isolate Syria from the rest of the Arab world.

Mr Caspar Weinberger, Secretary of Defence, was due in Israel last night to discuss military support for Israel. Mr Weinberger, who said before leaving Cairo yesterday that he knew of no Israeli timetable for a withdrawal from Lebanon, is expected to discuss in concrete terms all the issues raised.

The premier said in Washington that he had laid out proposals before the Americans concerning the equipment needed by the Israeli armed forces in the coming four years. Mr Peres said he believed

"we shall have some indication of the possibilities of the supply of the equipment when the secretary comes to Israel."

Israel is essentially seeking the most advanced models of various weapons in order to offset the less advanced American equipment being supplied to some Arab states.

Mr Weinberger will also visit the Israeli aircraft industries plant where the Lavit warplane is under development. He will be pressed to approve more funds for this project which has run into design difficulties.

Japan and N. Korea sign fisheries pact

BY JUREK MARTIN IN TOKYO

JAPAN and North Korea have signed a new commercial fisheries agreement, according to reports reaching Tokyo from Pyongyang.

Terms of the agreement were not immediately available, but they are believed to be along the lines of a previous arrangement which expired two years ago. This allowed, inter alia, a number of Japanese fishermen

to operate in North Korean territorial water in the Japan Sea.

The accord was signed and negotiated for Japan by a parliamentary body, not by the Government, which has no diplomatic relations with North Korea and which has for the last year barred official level contacts between the two sides.

Japan has hinted, however, that the fisheries agreement could lead to the lifting of these diplomatic sanctions, putting into effect in protest against North Korea's presumed complicity in the Rangoon bomb outrage a year ago which decimated a visiting South Korea delegation.

Japan's burgeoning ties with South Korea probably preclude any instant rapport with the north. However, the speed with

which the fisheries agreement was concluded is seen here as an indication of North Korea's new openness.

At a bilateral level it may be followed, with or without the lifting of sanctions, by a visit to Tokyo by North Korea politicians in return for that paid to Pyongyang last month by the head of the Japanese Socialist Party.

Philippine peso value drops by 7.5%

By Emilia Tagaza in Manila

THE Philippine peso's guiding rate dropped substantially in yesterday's interbank dollar trading, the first trading session held under a freely floating rate system. The exchange rate moved down 7.5 per cent to 19.95 pesos against the dollar, from last week's guiding rate of 21.85 pesos.

Interbank dollar trading, which was suspended in October last year after the Government declared a moratorium on foreign debt payments, was resumed two weeks ago.

Foreign exchange controls are now the only remaining stumbling blocks to the SDR 615m standby credit requested by the Government from the International Monetary Fund (IMF). The Government has submitted its letter of intent to the IMF but Philippine negotiators must first flush talks with commercial creditors.

Tokyo statesmen begin selection of party president

BY OUR TOKYO STAFF

FOUR OF the five living former prime ministers of Japan will put their heads together today to determine how the ruling Liberal Democratic Party should choose its next president over the weeks ahead.

The meeting between Nobusuke Kishi, Takeo Fukuda, Takeo Miki and Zenko Suzuki, who are to be joined by three

other elders, is important in that it may set the mood for the upcoming bargaining between LDP factions prior to the formal declaration of candidacies on October 29.

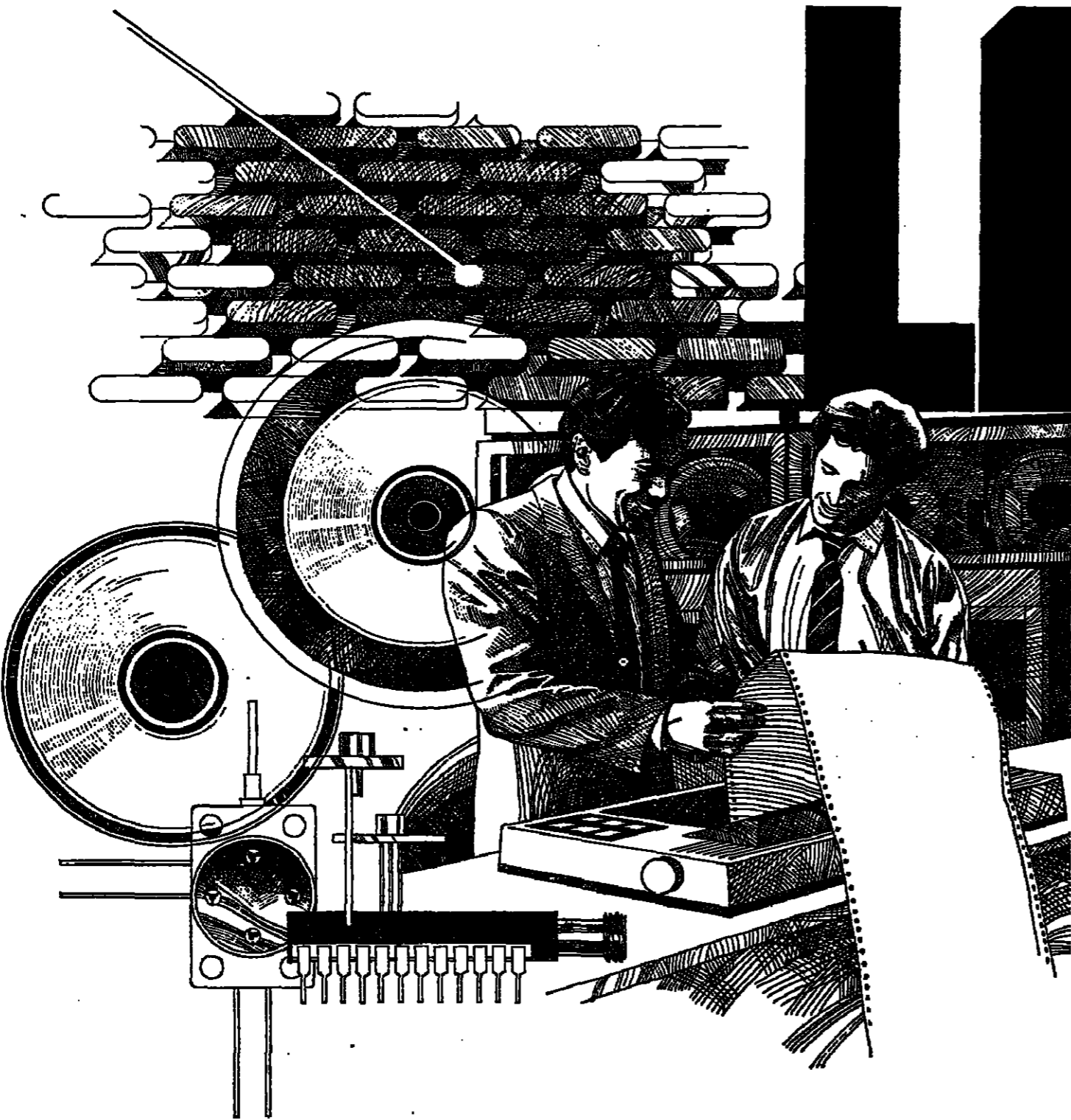
If, for example, the senior statesmen agree that the party should select a new leader by the process of deliberations, rather than an open primary,

then that will probably seal the already likely demise of the primary; if they do not, then the reverse may be true.

Conspicuous by his absence will be the other living ex-prime minister, Mr Kakuei Tanaka, whose real political clout is at least the equal of the other four combined. Mr Tanaka's name, nevertheless, will loom

large in the discussions.

Mr Miki, the "mister clean" of modern Japanese politics and a key player in Mr Tanaka's downfall 10 years ago, is expected to demand that Mr Yasuhiro Nakasone, the heavily favoured incumbent, live up to his pledge of 'last winter and eliminate all traces of Mr Tanaka's influence.



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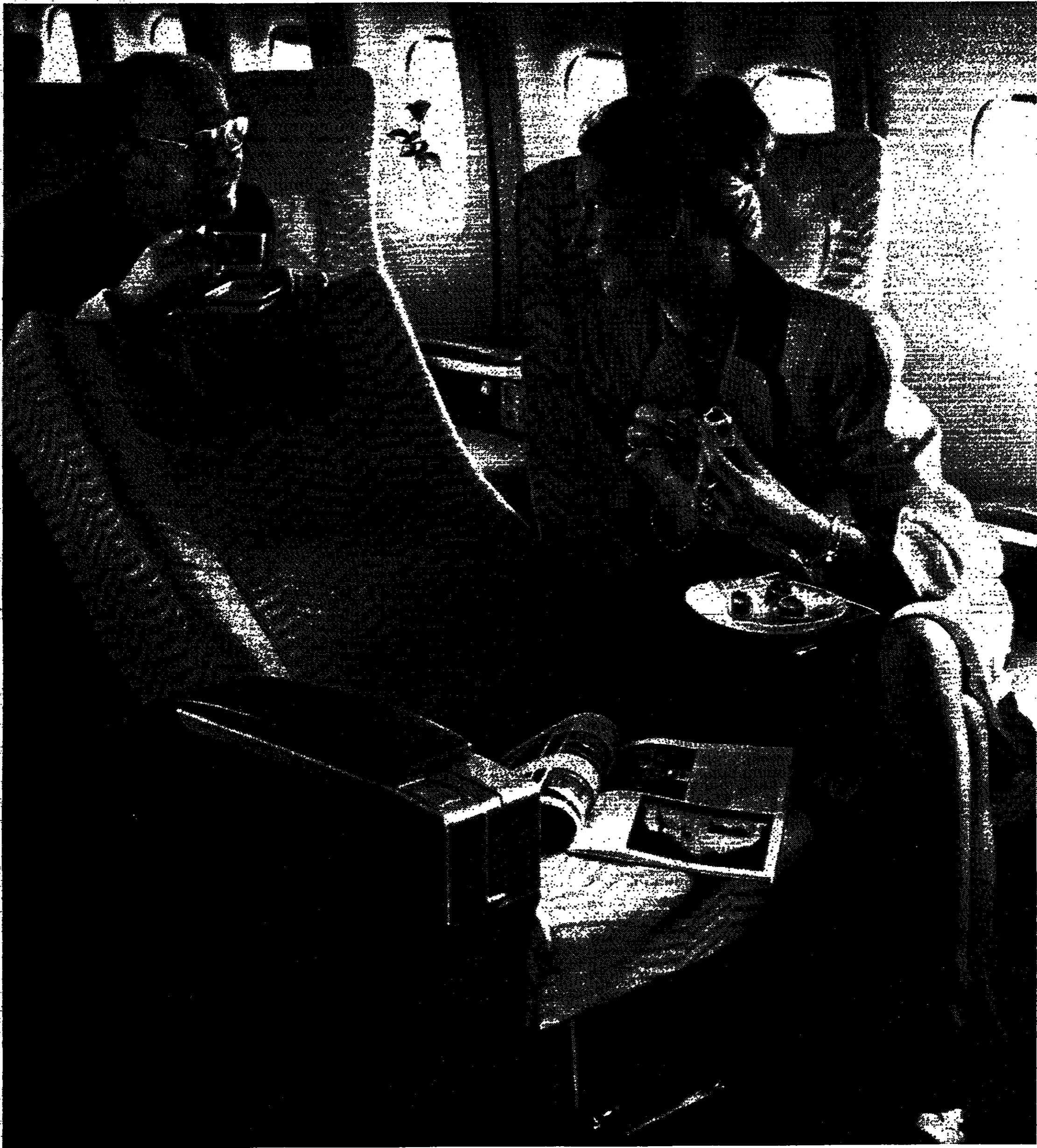
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AMERICAN NEWS

Brazil's presidential hope stresses change from military rule

BY ANDREW WHITLEY IN MANAUS

THE CURRENT favourite to become the first civilian president of Brazil for 21 years was on the hustings in Manaus over the weekend.

Sr Tancredo Neves, the slight, 74-year-old political veteran of nearly 40 years standing, looks and acts more like the small town lawyer he once was than the Great White Hope of 130m Brazilian people.

That, however, is what he has become. The official candidate, Sr Paulo Maluf - his only rival - is broadly disliked by the Brazilian public not only for himself, but also because he represents continuity of the military regime under a different guise.

Sr Tancredo by contrast means change, as his followers' banners and tee-shirts stress over and over again. And change is what the people of Manaus, a dilapidated, former rubber capital on the Rio Negro, say they want next March when General Joao Figueiredo retires. So they cheered him as he drove through the streets in a 1954 vintage Ford Thunderbird.

The curious feature of this election race is that, in theory at least, Brazilian public opinion should not sway the result, as the victor will be decided by a 686-member electoral college, not by popular vote.

The outcome in the electoral college has been made much more open by the break-up of the official PDS party supporting Sr Maluf.

However, all is not what it seems in Brazil.

The opposition Tancredo camp know that their best chance of confirming the advantage private polls tell them they hold is to build up a crescendo of support around the country; a tidal wave which it would take a brave electoral college delegate to oppose.

Hence the strategy of staging rallies and media events all over Brazil. They create the impression that the bandwagon is growing - and strike fear into the hearts of the rival "Malfuistas".

To aid the cause a group of 15 foreign correspondents based in Rio de Janeiro was flown up to Manaus - the equivalent of flying from London to Beirut - for the weekend, all expenses paid.

The ostensible purpose was to witness a meeting between Sr Tancredo Neves and an old friend from his native Minas Gerais, a distinguished man of letters who has spent the past eight years sailing up and down the Amazon in his floating home, observing Amazonian life and law.

The distinguished novelist, charming though he was and perfect in the part - what with his ill-kempt white beard, shaggy hair and shirt tails flapping - turned out to be an old rogue.

As he candidly admitted, he was in no great hurry to write his next masterpiece being perfectly content to continue leading what he described as his "vagabundo" lifestyle.

His boat, temporarily moored to those rotting quayside at Manaus, 1,300 miles from the open sea, provided an ideal platform for the presidential candidate and his travelling entourage of politicians, television celebrities and popular musicians.

Sr Tancredo Neves has been under pressure lately to define exactly what he stands for and how he would reconcile the conflicting currents supporting him. These range from orthodox communists to bank presidents and wealthy landowners.

Wily politician that he is he keeps dodging the issues, not wanting to put any weapons in the hands of Paulo Maluf. A projected image of confidence and reliability is regarded by Sr Tancredo's strategists as more important.



Sr Tancredo Neves: favourite

GM deal ratified by UAW

RANK AND FILE members of the United Auto Workers have ratified a three-year labour contract with General Motors Corporation, the world's number one motor manufacturer. The UAW said late on Sunday night that 57 per cent of its members employed by GM voted to approve the agreement.

The same union reached a tentative settlement with Ford Motor Company, the second biggest U.S. motor group, on a three-year wages contract on Sunday.

The UAW said 138,410 GM workers voted to accept and 102,528 to reject a pact reached last month to end a six-day series of selective strikes against GM.

The contract contains a job security fund of up to \$1bn to protect workers with at least one year of seniority from losing their jobs due to new technology or production shifts.

The package includes wage increases averaging 2.25 per cent the first year and equivalent lump-sum payments to workers in each of the two succeeding years.

The UAW has said a typical worker would realise wage gains of more than \$3,700 over the three years.

The pact's profit-sharing scheme could add another \$3,000 over the three years.

The Ford agreement, covering 115,000 hourly workers in the U.S., is similar to the GM pact and was struck during a 24-hour bargaining session that ended Sunday morning at Ford headquarters.

In Toronto, UAW Canadian Director Robert White said yesterday that the Canadian section of the UAW and General Motors of Canada remain far apart on negotiations to avert a strike tomorrow.

Reagan 'keen to debate Lebanon'

TUSCALOOSA, Alabama - President Ronald Reagan said yesterday that he could "hardly wait" to debate his policy in Lebanon with Mr Walter Mondale, the Democratic Party challenger.

Mr Reagan made the comment to reporters when he arrived in Alabama.

Mr Mondale has said that he plans to question the President on U.S. policy in Lebanon when the two men debate for the second time next Sunday in Kansas City, Missouri. AP

War-torn nation inspired by President's initiative towards rebels Salvador waits in hope for peace

BY DAVID GARDNER IN LA PALMA

LA PALMA is a dusty frontier town, framed by pine forests, in the Northern Salvadorean hills overlooking Honduras. It is pock-marked by neglect and pock-marked by battles but it is in no doubt where it stands.

"We want peace," "we want a sincere dialogue," proclaim the banners and flyposters that festoon the town. The local Christian Democrat mayor - who has managed to coexist with the guerrillas who have held La Palma for the past 18 months - is backing her party leader with her own series of posters, saying "With Duarte, we get peace."

La Palma was thrust to the centre of Central American conciliation attempts last week when President Jose Nunez de la Haza made his surprise offer at the United Nations to meet insurgent leaders there for talks. La Palma now describes itself, with tenuous optimism, as "the cradle of peace."

The talks on ending five years of carnage which have cost over 50,000 lives were due to start yesterday. On Sunday the insurgent political leadership arrived in El Salvador from exile in Panama, flown in by the Colombian air force. Escorted by French, Swiss and Colombian diplomats in a chaotic motorcade made up of the international Red Cross, and the U.S. TV networks, they completed a high-speed journey across country to La Palma without incident.

ONE OF El Salvador's top guerrilla commanders failed to appear at the peace talks with President Duarte.

Sr Joaquin Villalobos, the most senior insurgent leader, said over guerrilla Radio Venceremos he regretted he could not attend the conference. Logistical problems appear to have prevented his arrival.

President Duarte said that Sr Villalobos had been "blocked" at the River Torala in the eastern province of Morazan, presumably because of military operations in the area. He said Sr Villalobos's request for helicopter transport could not be met.

Dr Guillermo Ungo, the Social Democrat leader of the rebels' Revolutionary Front (FDR), and Sr Ruben Zamora, the FDR's most gifted polemicist, and the man who split the Christian Democrats when the death squads took control of El Salvador in 1982, arrived with the confidence of men who have the backing of one of the most powerful guerrilla armies in Latin America.

President Duarte, at the head of a delegation including his closest political advisers and Gen Eugenio Vides Casanova, the Defence Minister, set out just after dawn yesterday to meet the most proscribed men in El Salvador, a meeting on



which the hopes of the nation depend.

Security arrangements in La Palma are the responsibility of El Salvador's Boy Scouts, for 10 years led by Sr Duarte before he was president. Thousands of Salvadorans were yesterday heading for La Palma to witness the meeting.

The route taken by both factions covers a rough cross section of the country. On the Government-controlled side of the Lempa River system - which roughly divides the rebel East and North from the army-held Centre, South and West, troops are relaxed almost to the point of indolence.

They can be seen swimming

in the rivers and playing with yo-yos - in the latest, perhaps therapeutic, craze to sweep El Salvador. They freely express their own hopes for peace.

In the rebel-dominated Chalatenango, area in which lies La Palma, the message is no less clear. The number of white flags flown from houses to try to ward off air force bombardment has been multiplied 10 or 20 times in an appeal for peace. "Please, give us peace," says one of the most fiercely contested and heavily bombarded guerrilla areas just north of the capital, a sign across the road spells it out: "Please, give us peace."

Both sides appeared yesterday to be aware of how much hung on the outcome of the meeting. Sr Duarte had rejected outside mediators, saying this was a "national Salvadorean problem," and Sr Zamora had appealed to the U.S. to "leave us alone to solve our own problems."

While Sr Duarte has insisted that he is only going to discuss the insurgents' future participation in elections, the guerrillas have played down their demands for a share in power, stressing that what is now at stake is the opening of a dialogue, and that everything else is subject to subsequent negotiation.

An independent observer of the war put it like this: "If either side saw a margin for manoeuvre in these talks, they've already been outflanked; the desire for peace is powerful."

U.S. Treasury 'plans to borrow heavily'

BY STEWART FLEMING IN WASHINGTON

THE U.S. Treasury is expected to borrow some \$22.5bn over the next few weeks - its heaviest fund-raising programme ever in so short a time according to Treasury officials, and one which will test the strength of the recent rally in the U.S. credit markets.

Late last week, Congress cleared the way for the Treasury borrowing when after several weeks of political skirmishing it approved an increase of almost \$250bn in the ceiling on outstanding federal debt. The move will mean that the Treasury will

be free of political hassles in Congress over the debt ceiling throughout the whole of the current fiscal year which ends on September 30, 1985.

The Treasury will have to continue to borrow heavily, to cover budget deficits which are expected to be about \$190bn in fiscal year 1985.

The Treasury is starting its massive borrowing programme today with sales of \$5.5bn of seven-year notes. Tomorrow it will sell \$8.5bn of two-year notes. Wall Street report, Page 27; U.S. Prices, Pages 28-30.

Acid rain at top of agenda as Shultz visits Canada

U.S. Secretary of State George Shultz was due to travel to Canada for a 23-hour visit yesterday intended to maintain the momentum of rapidly improving relations with Canada's new Conservative Government. AP reports from Toronto.

The visit will give Shultz his first opportunity to review with Mr Joe Clark, Canada's new Foreign Secretary, disputes between the neighbouring nations that arose under the Liberal governments of Mr Pierre Trudeau and Mr John Turner.

The Tory Government led by Mr Brian Mulroney, Prime Minister, elected in a landslide last month, has pleased the U.S. by moving quickly to bolster

Canada's armed forces and promising to revise nationalistic investment policies.

However, there is no indication of any movement on the impasse on acid rain. Canada is pressing for immediate cuts to smogstack emissions in the U.S. Midwest. The U.S. insists more study is needed.

Acid rain "is first and foremost of our agenda," said a Canadian official. "We feel the time to move is now."

A U.S. diplomat said he did not expect any progress on the acid rain dispute, but he said the U.S. is eager for signs of progress on other issues. "We want some positive results out of this meeting," he said.

Argentina in talks on new loans

By Peter Montagnon, Euro-Rest Correspondent, in London

ARGENTINA is today due to begin talks with its leading bank creditors in New York over a package of debt rescheduling and fresh loans that could total about \$20bn.

At stake is a rescheduling of public and private sector debt maturing between 1982 and 1985 as well as a new loan facility of between \$3bn and \$5bn.

The talks, which follow Argentina's agreement last month with the International Monetary Fund on a programme to back up a \$1.5bn standby credit, are expected to be exploratory and last only a few days. After that they will adjourn while both sides prepare the ground for more substantive negotiations.

Bankers say that the Argentine debt negotiations are likely to be among the most difficult and delicate they have undertaken with any country since the Latin American debt crisis broke two years ago. Not only is there great resistance in the banking community to the idea of putting up fresh loans for the Government of President Raul Alfonsín, but bankers are also having to refute reports that the IMF agreement is in danger of falling apart less than a month after it was reached.

Such reports tend to exacerbate even further the hostile attitude many banks now display towards Argentina, but senior bankers say they expect the IMF to make fairly frequent adjustments to Argentina's programme over the next few months.

The country's very high inflation rate of nearly 700 per cent makes it particularly difficult to predict the impact of economic measures the programme contains.

New Premier chosen in Peru

By Doreen Gillespie in Lima

PERUVIAN President Fernando Belaunde Terry has named Sr Luis Freyre as Prime Minister and Minister of Foreign Affairs, replacing Sr Sandro Mariategui who resigned to contest the 1985 presidential election.

New ministers - all of whom are members of the Government party - include the ministers of war, housing, education and transport and communications.

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Argentina
links on
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59
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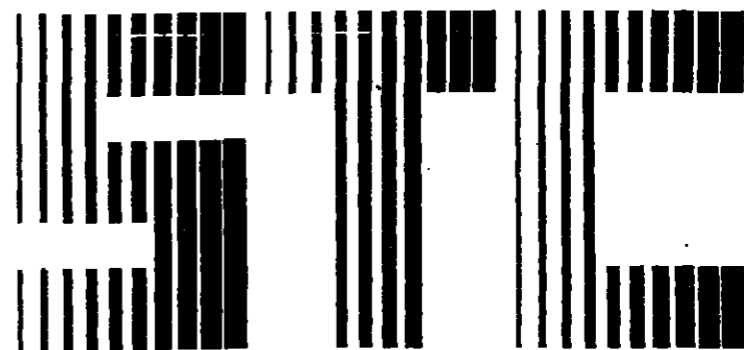
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TECHNOLOGY

NON-DESTRUCTIVE TESTING

Ways of detecting cracks in the pipeline

BY IAN HAMILTON-FAZEY

NEW mechanised non-destructive testing methods will be introduced into the U.S. by the Warrington-based SGS Sonomatic, which specialises in ultrasonics applications. The methods will use a small robot developed by Sonomatic to operate remotely in hostile environments and will enable exploitation of Zipscan, a specialised data processor developed by the Atomic Energy Research Establishment at Harwell.

Zipscan's most high profile use will be in the U.S. nuclear power industry to detect stress-induced corrosion cracking in the pipework of boiling water reactors. The faults develop with use because of a chemical reaction between cooling water and the steel pipework and pumps it passes through. The process is known as intergranular stress corrosion cracking (IGSCC).

The technique will both find and size the cracks, a marked advance over what happens at present, when sizing is almost impossible and there is no guarantee that the microscopic cracks will be found anyway.

Present methods of finding

the cracks include X-ray techniques or hand-scanning pipework with ultrasonic waves and hoping that the cracks will produce an effect comparable to what happens with radar or sonar waves used for navigation. But the methods are uncertain because the cracks are deep in the metal at intergranular level and tiny.

Apart from that, the environments concerned are so hostile

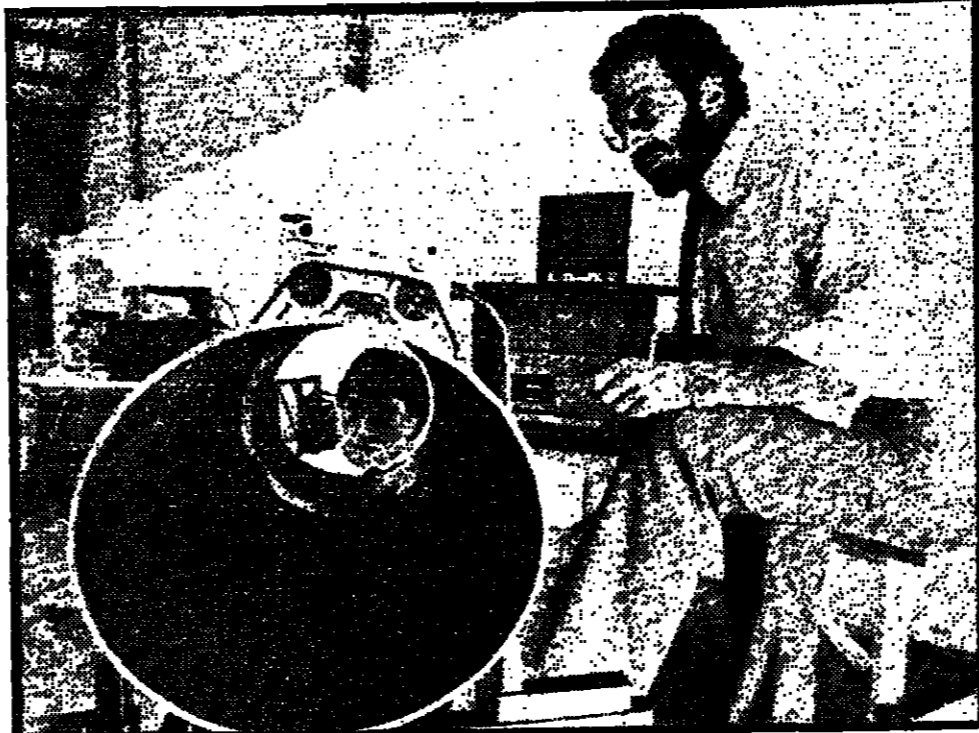
Present methods of finding the cracks include X-ray techniques or hand-scanning pipework with ultrasonic waves.

that there are high prospects of human error because operators are almost inevitably encumbered with protective gear. Just holding the scanner—which both transmits and receives the ultrasonic waves—at a slightly incorrect angle will cause a crack to be missed. The Sonomatic equipment works by separating the trans-

mitter and receiver and sending the ultrasound through the metal at an angle. If there is a crack, its tips will diffract the waves, so that some will take microseconds longer to reach the receiver. The phenomenon is known as time of flight diffraction.

Zipscan's advanced computing techniques enable this time separation to be measured and several electronic pictures to be drawn from different elevations, pinpointing the position and size of the crack. This can then be assessed for danger. In most cases, there will be none, but the progress of the fault can then be followed so that maintenance can be carried out when required.

Human error has been eliminated by the way Sonomatic has turned Zipscan, which was really a laboratory instrument built around a powerful LSI 11 computer, to practical use by developing a robot called MIMIC (miniature mechanical inspection crawler). This is fastened to the pipework or plant under inspection (a quick in-and-out in protective gear) and then crawls about under remote control doing the tests.



Mr Bill Browne (left) and Mr Danny Constantinos of SGS Sonomatic using a nuclear fault finder which hunts for hidden cracks in vessels without the need for humans to endanger their lives

Sonomatic says that there is also considerable market potential for the equipment in the aerospace industry if it is enhanced with a high frequency digitiser to increase the working range of ultrasound. This makes Zipscan ideal for inspecting thin materials and composite structures where accurate measurement of faults is critical.

In September Mr Bill Browne, the company's technical director and general manager, has been presenting papers and demonstrating the new equipment at the Edison Electrical Institute in Minneapolis and the Annual Conference of the American Society of Quality Control in Las Vegas.

The equipment is expected to gain approval by the U.S. Electric Power Research Institute shortly. This will be the green light for a team of engineers and technicians to tour the U.S. with a fully equipped mobile laboratory to promote the technology and provide services for actual inspection of nuclear power plant.

EDITED BY ALAN CANE

Computing

Factory automation

DIGITAL Equipment (DEC), the world's second largest computer manufacturer has launched a three-part software set for factory automation.

It claims it is the first software product from a major manufacturer designed to integrate industrial controllers with manufacturing applications.

Key to the new software, called "Baseway," is a hardware/software communications device which can be run on one of DEC's large VAX minicomputers and which provides a link or gateway between the computer and programmable machines on the factory floor.

The gateway is connected to the machines by an application software bus and therefore supports the intelligent controllers.

Prices for the product set are \$4,000 each for the gateway and the programmable device support, \$18,000 for the applications software bus.

Users will need VAX 11/750 and PDP 11/24 computers; the product will be shipped first next January.

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Furnaces for silicon circuits

THE UK may lag in the production of silicon chips but it is still a leader in the apparatus needed to manufacture them. A new modular tube furnace from London Thermal Design—needed for semiconductor wafer processing—is said to be the most advanced UK designed and manufactured model available.

There are two variations, both of which can reach their maximum operational temperature in only 10-15 minutes. London says their operation is governed by an integral programmable controller which greatly simplifies the preparation of special, application oriented work. More on 0853 32654.

Video shrinks to woo consumers

Video & Film

BY JOHN CHITTOCK

THE WORLD'S first consumer videotape recorder demonstrated to the Press but never actually launched commercially—was British. It has been developed by a small company called the Nottingham Electronic Valve Company and, under the name Telcan, was shown to a disbelieving audience in the early 1960s at the Waldorf Hotel in London. The audience was disbelieving because, until then, few seriously believed that a technology as complex as videotape recording would operate on equipment no larger than a domestic audio-tape recorder—and using similar tape.

In fact, it did work, although not very well. But it was one of the early signals that videotape recording was on the way down—in size and price. Now, after over a decade of domestic VCRs in boxes of an unchanging size and shape, smaller ones are on the way.

The move towards miniaturisation has already been witnessed in the shops with Sony's Beta Movie—the so-called camcorder which brings a small video camera and Beta videotape recorder into one compact unit. JVC's answer to this, using VHS cassettes, is now just becoming available.

Such developments are logical if the home movie market is to take off. But until recently not much attention has been given to the introduction of smaller and cheaper VCRs. A first step now comes with the U.S. introduction planned by Technicolor of a low cost playback-only VCR at \$299. Another playback machine from Taiwan is allegedly on its way with a wholesale price of only \$79.

Playback-only machines are not new, but the idea looks catching on. In countries where broadcast television services are of very poor quality and not widely available, the record facility is of doubtful value. And in the West, there would be no shortage of industry pressure groups—such as the programme copyright owners—who would dearly welcome the elimination of the record facility.

One U.S. report claims that Taiwanese playback-only machines already exist in prototype form which are little larger than the videocassettes that go into them—the video version of the Walkman. At least already a new set of initials is entering the vocabulary—VCP, for Videocassette Player.

Such miniaturisation may seem more of a gimmick than the Walkman. Who could seriously contemplate walking along the street watching a small TV monitor? But is it such a silly idea? Epson and some other manufacturers have been pursuing the notion of portable TV displays that provide the visual equivalent of headphones.

This technology is not exactly new. It derives from the so-called "head-up" display used in fighter aircraft—where the pilot sees an aerial image of his instrument panel, floating on the windscreen ahead (thus avoiding any need to divert his gaze to the instrument panel). The same idea has been used

with video discs on aircraft servicing—the engineer wears a helmet with a head-up display attached so that a view of a miniature TV screen is conveniently "projected" in his field of vision; at any time he can call up servicing information from a remotely located video disc player by plugging in to any one of a number of jack sockets around the aircraft.

The prospect of seeing a young population of day-dreamers on the streets watching TV movies as they go about their business seems as absurd as did the notion of the audio Walkman. But not only could it happen; it probably will.

In the meantime, there are uses which are much more serious—for miniaturisation. Before the arrival of video, 8 mm film was a useful tool for the travelling salesman—armed with a suitcase which opened up to become a desk-top back projector. As videocassettes have become much more the industry medium in place of film, some hybrid equipment has become available combining the VCR with a built-in TV screen—compact and light enough for a salesman to carry.

The latest version, due to be launched this month by Bell & Howell in Australia, is a VHS playback unit incorporating a lightweight 34 cm colour TV receiver. The market of course is the travelling salesman and also training. Rapid search and slow motion facilities have been retained in the video unit, so that flexibility in demonstrations is still retained.

The same thinking is spreading to the video disc player. Ever since its introduction, the Philips LaserVision system always had the capability of handling smaller discs, and many programmes have been made using only 8 in discs instead of the usual 12 in. The prospect of a smaller player for 8 in discs is thus inevitable, even for use in cars. Again this seems absurd, except for the occasional Rolls Royce which has everything. But in the U.S. Chrysler have demonstrated an in-car navigation system which relies on video discs to provide map displays—so there are practical benefits.

Because the optical technology of LaserVision is very similar to that used in the new audio CD systems, the next step—from Pioneer—is a video disc player which can also replay CD audio discs.

The confused consumer might well ask where it will all end. There is plenty of room for further innovation, so no doubt such developments will never end. The provision of the personalised head-up display provides a convenient basis for stereoscopic television—viz, by allowing the use of separate left and right eye images.

The ultimate development in miniaturisation however is the solid state VCR (or VCP). In this, there is no moving videotape—only a solid, motionless block of recording medium which is scanned electronically. Before that becomes a commercial reality, however, there is plenty of scope for making conventional television screens more compact—and manufacturers all around the world are still trying to crack that problem.

One obstacle will always remain. As the equipment gets smaller, so do the controls. Eventually, a point is reached where the final change is to make the user's fingers smaller. Enter then, the voice-operated recorder.

DAWN OF A GOLDEN AGE



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GULFAIR

THE GOLDEN AIRLINE

Nigeria tries to dispel confusion

By Paul Weidner in London

NIGERIA has moved to dispel mounting confusion over new import inspection procedures introduced on October 1, announcing measures aimed at restoring exporters' confidence and persuading them to resume shipments, which have slowed to a trickle in the past fortnight.

In a circular issued on Friday in Lagos, the Central Bank of Nigeria gave what amounts to a blanket guarantee to commercial banks that they will be reimbursed for honouring confirmed letters of credit covering specified categories of essential goods until November 15, even if the banks cannot produce the inspection certificate previously required for payment.

The central bank has authorised commercial banks in Nigeria to delete the requirement of a so-called "clean report of findings" from SGS, the Swiss import inspection company which dismissed a fortnight ago, from confirmed letters of credit covering shipments of food items, drugs, pharmaceuticals, spare parts, raw materials and basic chemicals.

The goods must still be inspected by a team of government officials in Lagos, but a clearance certificate from the team will no longer be required for payment, which must be negotiated no later than November 15.

The above arrangements will apply only to the relatively small volume of goods which have already been shipped to Lagos for destination inspection.

The goods must still be inspected by a team of government officials in Lagos, but a clearance certificate from the team will no longer be required for payment, which must be negotiated no later than November 15.

The goods must still be inspected by a team of government officials in Lagos, but a clearance certificate from the team will no longer be required for payment, which must be negotiated no later than November 15.

Greek sewerage contract awarded

ATHENS, a unit of the Archirodon construction group, and joint venture partner Raymond of the U.S. have won a contract to build a \$100m sewerage transport treatment and disposal project for Athens.

This makes clear the deal was won against competition from Cibi-Montubi of Italy, Costain Civil Engineering of Britain and Sarantopoulos and London Marine, part of the Costain group. A Financial Times report of October 15 incorrectly indicated that the Italian and British group were also sharing in the contract.

Midwest states join to attract investment

By Frank Gray in London

THE STATE of Minnesota is spearheading a novel drive to attract foreign investment to the U.S. Midwestern states.

Mr Rudy Perpich, the state governor, who is in Europe leading a trade and investment mission, said yesterday the state was taking the lead in establishing a consortium which would give the region greater control over high-technology developments.

The consortium members would consist of state government, university, labour and industry representatives from Minnesota and eight other states in the region. It would use the data base provided by Minneapolis-based Control Data Corporation, the U.S. computer company.

Mr Perpich stressed that the region was anxious to "stop giving high technology away." The University of Minnesota, for example, had perfected technology to bring a 33 per cent iron ore up to 85-87 per cent iron content. Local companies then went into the marketplace and found competing interests using the technology.

The state hoped that as a result of the consortium arrangement, to be finalised next month, the group of states would be able to exchange technology of which it had control, with other nations either through licensing or joint ventures.

It is focusing in the iron ore field on deals with Britain and Japan. Other areas under study are in medicine, mosquito control, de-icing technology and rust control.

Minnesota opened an office in Stockholm last year and plans others in Oslo and in the Far East.

The twin cities of Minneapolis-St Paul plan to start construction next year of a world trade centre, which will house the export facilities of some of the major international trading companies in the state, as well as those of foreign companies including Mitsubishi of Japan.

City officials are to meet Dutch transit authorities later this week to discuss expertise required for a major urban transit system planned for Minneapolis-St Paul.

Thais increase import tariffs on 'luxuries'

By Boonsong K'Thena in Bangkok

THE THAI Finance Ministry has announced selective increases in import tariffs for what it terms non-essential and luxury goods ranging from automobiles to fish, in a bid to cut the country's heavy trade and pay deficits and improve local industries' competitive edge.

At the same time, import duty on some items such as computers and components has been reduced to spur local industries, while export tax on a few commodities including rubber and leather has been cut or waived to promote exports.

The new tax structure became effective on October 9.

Leo Gomezaga in Manila writes: The Philippines Government yesterday removed chicken, eggs and hogs from the list of commodities subject to price control in line with a recommendation of the World Bank, which recently granted a \$150m loan for the country's agricultural sector.

Sr Salvador Escudero, the Minister of Agriculture and Food, had earlier indicated that there would be complete decontrol in order to increase production.

Japan's Indian pipeline hopes upset by Brazil

By John Elliott in New Delhi

LOW-PRICED tenders submitted by Brazilian and South Korean companies for India's proposed 1,200 km natural gas pipeline have upset plans for Japan to be given orders for most of the southern half of the \$1.2bn to \$1.7bn project.

Interbras of Brazil is believed to have submitted a bid of about \$220m for supplying pipe. This is thought to be more than 30 per cent below rival prices from a Japanese group led by Sumitomo and European companies including British Steel.

The problem being tackled by India's finance and petroleum ministries is how to make maximum use of the low offer from Brazil, whose technology is based on Sumitomo processes, while also making use of \$220m of Japanese aid available for the project over the next three years.

The Japanese aid can be used to buy from Japan, India or from developing countries, which include

Brazil. The Japanese Government has made it clear informally, however, that it expects a large slice of the orders.

West Germany is willing to provide \$80m in aid, half on interest of 0.75 per cent over 50 years, and Italy is finalising proposals for \$15m of soft loans and \$15m of commercial loans.

Italy's hopes of winning a major slice of the work for its Snamprogetti group have faded because the Indian Government is at present inclining towards placing a series of individual supply and construction contracts instead of one turnkey order. The World Bank is likely to offer \$200m of aid.

Japan's problems worsened last week when bids were opened for laying the southern half of the pipeline from Hasira near Bombay to Guna. These showed that the main Japanese consortium, led by Marubeni with NKK, was one of the highest at about \$130m compared with \$100m from Hyundai of South Korea, \$115m from Dodsell of India,

\$130m from French-Japanese consortium Snc-Cabeg Toyo, and a similarly high figure from German-UK consortium Mannesmann-BFEC.

The pipeline will take natural gas from the Bombay high oil and gas field diagonally north-east across India to a point 200 km east of New Delhi. It is scheduled to be completed in stages between one and three years.

The UK's aid allocation to India is almost fully committed for the next couple of years because of expected expenditure on a power station and helicopters, so the UK will not be providing aid unless the Government is persuaded to use its general aid-for-trade budget to match financial support being given by other countries.

There is no sign yet that the Government believes bids submitted by British Steel and construction companies justifies such support.

Japanese car exports set fresh record

TOKYO - Japanese vehicle exports are thought to have hit a six-month record of 3.13m in the first half (April/September) of fiscal 1984, against the previous record of 2.86m in the same period a year earlier, industry sources said.

The total included 509,025 exported in September, up from 469,153 in August and 482,031 a year earlier, they said.

Toyota Motor and Nissan Motor, Japan's two largest car makers, have announced their export figures, and national totals will be announced later this month.

Toyota said its first-half fiscal 1984 exports rose 12.3 per cent to 835,821 from 833,254 a year earlier, while Nissan said its exports fell 1.2 per cent to 708,662 from 716,662.

The Toyota total included 465,416 vehicles shipped to the U.S., up 24.1 per cent from a year earlier and 94,186 to the European Community, down 6 per cent.

Nissan exported 334,496 to the U.S., up 4.5 per cent from a year ago and 121,735 to the EEC, down 12 per cent.

Reuters

David Buchan reports on UK successes in the declining markets of Eastern Europe

Britain bucks the trend in trade with East bloc

BRITAIN IS again bucking the general trend in East-West trade, but, instead of the UK share shrinking as it did steadily in the 1970s, it is now growing. So far this year, UK exports to, and imports from, Comecon have risen much faster than those of other industrialised Western countries with the East.

The big export success has come in the Soviet market, where UK sales rose 47 per cent in the first eight months of this year and which accounted for over half total UK exports to Comecon. This contrasts very sharply with the 15 per cent decline in overall Soviet imports from the developed West in the first half of 1984.

The overall cut in Soviet purchases from the West earlier this year is more easily explicable, in terms of stagnant Soviet earnings from energy exports, some foreknowledge that due to inferior seed the

1984 harvest might be even worse than the 1983 one, and the need to conserve cash to meet a grain import bill this autumn.

The greater curiosity is the UK export increase, though Mr Nikolai Patolichev, the Soviet trade minister, gave Mr Paul Channon, the UK trade minister, grounds to expect stepped-up Russian buying of British goods when they met in Moscow in May.

To some extent the increase is distorted by commodity speculation (Soviet purchases of non-ferrous metals on the London exchanges) and the residue of past success (UK fulfilment of its part of the Siberian pipeline contract is still swelling the size of its power generating machinery sales to the Soviet Union).

None the less, the export improvement in the Soviet market seems to be fairly broadly based. In particular, the

	UK imports Jan-Aug. 1984 (£ m)	UK exports Jan-Aug. 1984 (£ m)
Soviet Union	482.6 (494.2)*	463.6 (314.5)
East Germany	132.7 (121.5)	58.2 (32.4)
Poland	177.3 (116.4)	108.0 (102.4)
Czechoslovakia	76.7 (68.8)	50.6 (42.6)
Hungary	44.1 (32.8)	43.4 (52.2)
Romania	127.3 (40.4)	44.1 (49.4)
Bulgaria	9.2 (7.5)	33.1 (27.9)

* Figures for Jan-Aug. 1983.

Source: Department of Trade and Industry

larger British companies appeal to be mounting a more consistent export drive, with new opportunities opening up to two in particular.

ICI is currently negotiating a deal to turn methanol into "pruteen" cattle feed, deepening its agro-industrial involvement in a country more than ever in need of help with its farming. The Russians are also

interested in refurbishing their older textiles mills, which Courtauld is well-placed to do, having built some of the originals itself.

The UK export record to the six East European members of Comecon has been more modest, an increase of 13 per cent in January-August, this year, though better than Western competitors which increased

exports to Eastern Europe 4 per cent in the first half of the year. But it is less balanced. The main increase has come through grain sales to East Germany, a slightly puzzling fact since that country, never free with information, was thought to have had a reasonable harvest this year and last.

Predictably, some of the 46 per cent rise in UK imports from the six East European countries between January and August this year is due to increased Polish coal shipments during the British miners' strike. For instance, Poland has shipped \$38m worth of coal to the UK in January-July 1984, compared to \$20m in the whole of 1983.

Less predictable was the threefold rise in Romanian exports, primarily of aluminium and oil, as part of its demonic drive to export itself out of debt trouble in the absence of new Western credit.

Without these two special factors East European exports to the UK would have been nearer the 7 per cent growth in the region's total exports to the developed West in January to June 1984.

One year's figures do not make a sustained recovery in UK-Comecon trade, particularly after so long a slump. But if the general economic improvement in Eastern Europe continues, if the Soviet Union can sustain its hard currency earnings chiefly from energy, if the bigger British companies exploit this difficult market as only the larger organisations can, if some new lines of business are developed (such as possibly selling Eastern Europe quieter aircraft to meet new international noise standards), if the UK keeps its novel position of modest grain exporter to food-short Comecon—if all this happens, then Whitehall officials are definitely bullish over the future.

French deficit with Comecon rises sharply

By David Marsh in Paris

FRANCE'S trade deficit with the Soviet Union and the East bloc is starting to rise sharply again, climbing to FFr 4.7bn (£403m) in the first half of 1984 from FFr 5.4bn in 1983 and FFr 9.8bn in 1982.

The French Finance Ministry, in a study of French trade with Eastern Europe, blames the slippage largely on a sharp fall in large industrial contracts, with the East bloc, which slumped to only FFr 1.6bn last year from FFr 6.5bn in 1982 and FFr 9.7bn in 1981. The value of large deals — on which France has traditionally relied for an essential part of East-West trade — recovered to FFr 1.4bn in the first half this year.

Large industrial projects agreed with the Soviet Union totalled only FFr 600m in the first half against FFr 1.8bn in 1983, FFr 4.9bn in 1982 and FFr 7.4bn in 1981.

SON OF MACK

Renault steps up its international growth potential through its partnership with Mack Trucks.

They call it the Mack Midliner. A diesel truck built by Renault in France. It answers the increasing demand for energy efficient middle-range trucks in the world's largest and most competitive industrial vehicle market: the United States of America.

And from its introduction to America in 1980, the number of Midliner exports has doubled to 500 units a month. This has not only established Mack's presence in this new high growth market segment, but at the same time given it a healthy share.

Renault's partnership with Mack is a textbook example of industrial co-operation based on long term mutual advantage.

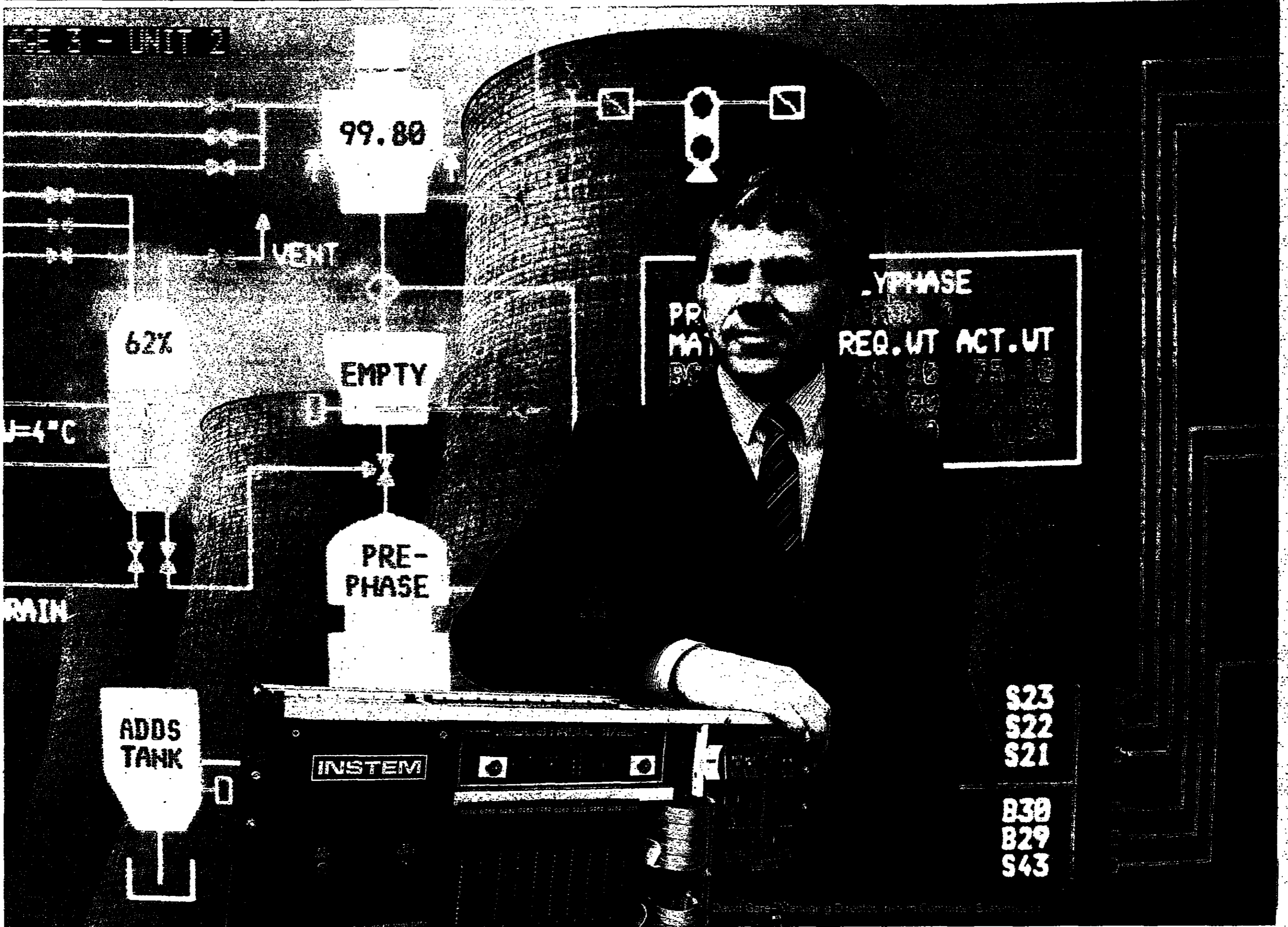
For Renault, it provides the opportunity to gain access to an extensive marketing network of one of America's most reputed and leading truckmakers.

For Mack, the technology, resources and business dynamics of one of Europe's major car manufacturers offer new diversification prospects which were not possible before.

And for both, it simply means good business.

RENAULT

THE ENTREPRENEUR



As the end of 1982 approached, physicist-turned-businessman David Gare realised he had a big problem.

Although he was managing a highly successful Staffordshire computer systems company, he felt his American parent, Kratos Inc., were becoming increasingly remote.

They had problems of their own, and couldn't spare enough time for the young, growing offspring far away from home.

Gare proposed a management buy-out. Kratos were receptive, but imposed a time window on the deal. They told him that if he came up with a proposition within one month they would consider it. That was two weeks before Christmas.

He needed a financial partner with quick reflexes.

Gare says, "I wanted someone who could work in the fastest, most flexible way possible - and also be able to negotiate with an American parent with an understanding of how the Americans thought. I called the five biggest financial companies of different types I could think of, just to get a reaction."

There was no shortage of suitors.

Four of the five could have done a deal. Two of them wanted Gare and his colleagues to take what they felt was an unacceptably high immediate personal risk in fees for putting the deal together. Another couldn't react in time.

That left Citicorp Venture Capital.

Unlike the others, they would not only put up the money, but also offered to take on the negotiations with the parent company, which is often difficult for current management to handle themselves in a buy-out situation.

"Ultimately, I chose Citicorp because they were the people most likely to conclude the most satisfactory deal in the time available," says Gare. "Their whole style is to make it easier."

Crucially, the specialised engineering group, Dobson Park Industries plc, required little persuasion to take a major share in the new company - now called Instem - because they saw a chance to gain ready access to knowledge in computer-based applications, plus a useful stake in a growth business.

With its ability to custom build high quality electronics in volume quantities, today Instem is a supplier of computer related products and systems for data acquisition, and monitoring and control to important sectors of the UK economy - including energy, water, steel - as well as science-based multinational companies.

Are you an entrepreneur? Here are some things you should know about Citicorp Venture Capital (CVC).

* Since starting up in the UK three years ago, we have invested in over 30 companies which now have a total annual turnover of over £230 million.

* We undertake two main types of venture capital financing:

"Replacement Capital" to buy-out existing shareholders and substitute a new capital structure.

This includes management buy-outs; acquisitions and mergers; and making a public company private.

"Expansion Capital" to finance the further development of a successful company, particularly during the early phases of accelerating growth.

* We are planning to invest over £100 million in venture capital in Europe in the coming years.

* We look only for a minority equity holding, because we believe that the operating management should be motivated by substantial equity ownership.

* We are more interested in the future cash flow potential of a company, and attach less importance to the "borrowing base," often called "security." Our aim is to invest in companies which will become successful.

* Unlike more traditional sources of finance, we are attracted to a business by the management's abilities and its market potential, not purely by financial considerations.

* We are prepared to take a long term view of

investments, and will help determine the exit route most suited to the requirements of the company: the USM, the sale-on of the company, a repeat buy-out of our equity by the management, or a Stock Exchange listing.

* CVC's professional staff come from general management, technology, and manufacturing, as well as financial backgrounds. They are therefore able to understand the entrepreneur's business and investment needs, and can contribute continuing assistance and expert advice on the company's development.

* We have access to the international network of Citicorp, one of the world's largest financial institutions, with European venture capital offices in Paris, Frankfurt, Milan and London.

* For particularly large investments, we can assemble and lead a syndicate of investors.

"Senior CVC executives give the impression they are professionals in a rather amateurish market. Their 'modus operandi' is based on the phenomenally successful venture capital offshoot of the mighty Citibank." *Financial Weekly*

If you need £250,000, or many millions of pounds, bring us your proposition. Contact Jon Moulton, Charles Gonszor, Mike Smith, Frank Neale, Liz Hewitt, Eric Cater, Brian Havill or Sandy Smart. We will give a quick response to your investment proposal.

Or, if you simply would like a copy of our brochure containing more information, just ask Citicorp Venture Capital, 335 Strand, London WC2R 1LS. Telephone 01-438 1593.

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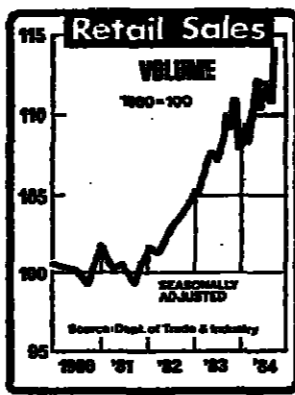
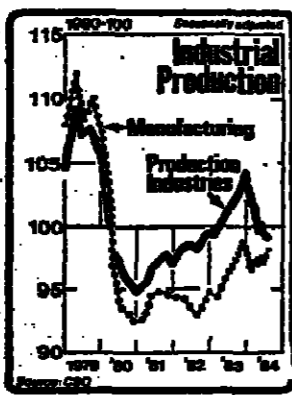
UK NEWS

BUOYANT RETAIL SALES HELP TO LIFT GLOOM OVER ECONOMY

Industry output dips to 2-year low

BY OUR ECONOMICS STAFF

BRITAIN's level of industrial output fell to its lowest level since the end of 1982 in August as the miners' strike continued to depress coal production.



Output fell by 0.3 per cent in August compared with July and the fall in the three months to August was 1.3 per cent.

However, the output of manufacturing industry, which has not been greatly affected by the miners' strike, bounced back in August after a lead slide in July.

and the output levels are still some 10 per cent below the 1978 and 1979 levels.

The figures reflect the decline in business confidence which has been reported since the summer, particularly by the Confederation of British Industry.

which so many sectors have performed flatly or poorly during this year. The engine division's index has fallen sharply during the year from 120 in January to 102.0 in August, its lowest level since the first quarter of 1981.

Output in the consumer goods sector has been flat all year and remains at about last year's average level. Output by companies making goods for capital investment is slightly up on the beginning of the year and about 2 per cent ahead of the average for last year.

Output in the consumer goods sector has been flat all year and remains at about last year's average level. Output by companies making goods for capital investment is slightly up on the beginning of the year and about 2 per cent ahead of the average for last year.

But output of intermediate goods such as small machinery parts and components, has been declining steadily all year and fell a further 2.5 per cent in the three months to August.

The only real bright spot in an essentially gloomy set of figures is in the chemicals and man-made fibre sector. Output has improved each quarter since the end of 1982.

Output in the consumer goods sector has been flat all year and remains at about last year's average level. Output by companies making goods for capital investment is slightly up on the beginning of the year and about 2 per cent ahead of the average for last year.

Lex, Page 18

Thatcher calls for death penalty

By Kevin Brown

CONSERVATIVE MPs who are pressing for the reintroduction of the death penalty after the Brighton bombing will support yesterday from Mrs Margaret Thatcher, the Prime Minister.

In her first interview since escaping the IRA assassination attempt on Friday, Mrs Thatcher said those who were prepared to kill forfeited the right to their own lives. Four people died in the explosion.

"I believe that the death penalty should be used only very rarely, but I believe that no one should go out certain that no matter how cruel, how vicious, how hideous their murder they themselves will not suffer the death penalty," she said.

British Shipbuilders signs deal on technology with Mitsubishi

BY ROBERT COTTRELL IN TOKYO AND ANDREW FISHER IN LONDON

BRITISH SHIPBUILDERS (BS), the state-owned concern which is fighting to curb heavy losses and now accounts for barely 2 per cent of the world market, has signed a technology deal with a leading Japanese shipbuilder.

Japanese builder, BS said both the state-owned concern which is fighting to curb heavy losses and now accounts for barely 2 per cent of the world market, has signed a technology deal with a leading Japanese shipbuilder.

facturing - BS has invested heavily in these areas and claims to be among the world's most advanced shipbuilders in use of such systems - and productivity methods.

Indifference to jobless denied

BY OUR POLITICAL STAFF

MRS MARGARET THATCHER, the Prime Minister, yesterday brushed off criticism of her Government's economic policies by Church of England bishops and insisted that she was as concerned about unemployment as anyone else.

achieve their aims were the real extremists. "Violence has to be beaten. Otherwise what is on the rack is not a political party, it is democracy," she said.

stress the Cabinet's concern for the unemployed. The Prime Minister said the bishops were mistaken in thinking there was a ready answer to unemployment. "If there were ready answers we would be the first to find them. First because we are as concerned about things as those who express these opinions, and second because we had ready answers it would probably be the very best political thing to bring them out."

Shorter work hours trend

By Our Labour Staff

MORE EMPLOYEES are being asked to work shorter working hours spread throughout a year, rather than over a working week, according to a new survey published today by working time.

The survey, carried out by the Industrial Society, shows that more employees are being asked to work a 1,770-hour year, rather than a basic 39 or 40-hour week.

The society says that the survey's results - based on looking at about 100 companies - allow employers to plan their manpower ahead to fit in better with busy times of the year for their businesses.

From the employees' side, the society suggests that such an arrangement of working hours can lead to both better basic pay and longer holidays.

While the survey shows that habitual overtime is being reduced, many managers still feel that overtime remains the most cost-effective way of handling peaks in business demand.

New figures from the Government, published in its 1984 New Earnings Survey, show that, on average, male manual employees work a 39.2 hour week - but top it up with an average 3.1 hours of overtime.

Picket on Vauxhall imports

VAUXHALL workers at Ellesmere Port, Cheshire, yesterday voted to continue the week-old pay strike which has hit production of the new Astra model in which the company has invested £50m.

Vauxhall aims to make the car the centre piece of its display at the motor show which opens in Birmingham this week.

Workers from the Cheshire plant have mounted a dockside picket at Hartlepool, in the north east of England, one of the main distribution centres for vehicles brought into the UK by General Motors. A similar picket is planned for the ports of Harwich, Dover, Felixstowe and Sheerness.

Vauxhall's rejected offer is worth about 7.5 per cent. The other main plant at Luton, Bedfordshire, is also on strike over the same offer.

He was speaking ahead of a major policy statement which he will make later this week about the future regulation of the City of London and the possible policing framework which will be needed in the financial community.

SEALINK UK, now owned by Sea Containers, has reshuffled some of its cross-Channel services to end its losses on the Newhaven-Dieppe route and boost the operation to Belgium. From next March, French Railways (SNCF) will run the service from Newhaven.

A MERGER of filtration businesses of Turner & Newall and Automotive Products will create the largest supplier of motor filters in the UK with £20m annual turnover and a 25 per cent market share.

The new joint venture will be called Copers AP Filters and will continue to supply both T&N's Copers and AP's Lockheed brands of filters.

BRITISH CALEDONIAN is suspending its air service between London (Gatwick) and St Louis Missouri, from October 28 because of insufficient demand. The airline said traffic on the route had not increased, in spite of efforts to develop it.

ABOUT 1,000 companies have been deterred from switching their power supplies to coal from oil this year because of the miners' strike, Mr Peter Walker, Energy Secretary, said. He added that the Government would not tell the British Gas Corporation to curb its present drive for more industrial customers, even though Whitehall favoured greater coal burning and offered grants for switching to coal.

A 78,000-ton tanker was pulled off rocks at Milford Haven, West Wales today, without any leaks from its cargo of North sea crude. The Matco Avon hit rocks at St Ann's head and was aground for an hour before being pulled clear by five tugs.

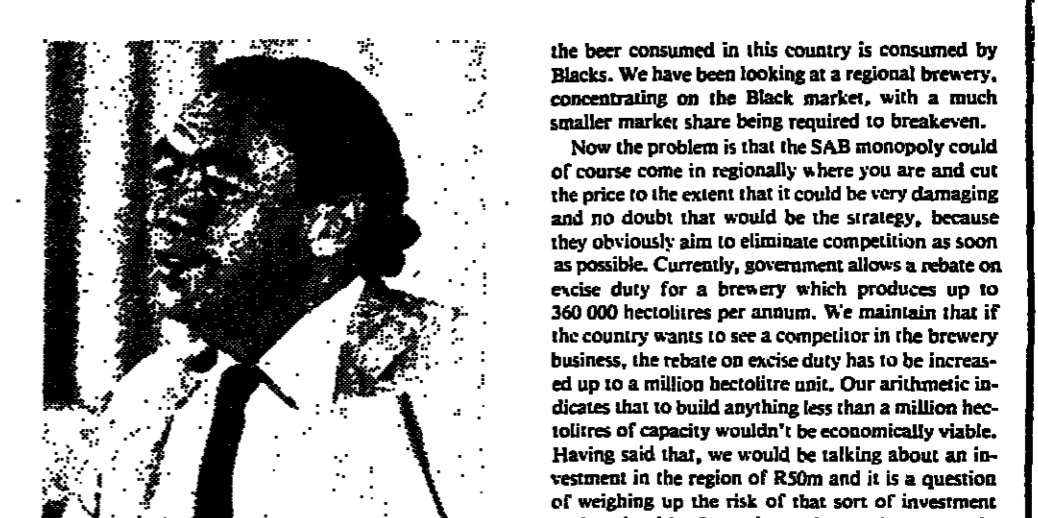
ENERGY Secretary Peter Walker's drive to get Britain to save energy received a boost with the launch of a £2m advertising campaign. Newspapers and television will carry messages telling householders, local authorities and industry to "hit a finger" and point the way to where energy savings can be made.

Advertisement for New hand-delivered service in Stockholm, Gothenburg, and Malmo. Includes phone number 01-13 44 41 and contact information for Financial Times Scandinavia.

FOCUS ON SOUTH AFRICAN COMMERCE AND INDUSTRY

Rennies - finding strong and sustained growth in the services sector

Charles Fiddian-Green, chairman of Rennies Consolidated, speaks in this interview with Richard Rolfe, London-based international editor of Finance Week of Johannesburg.



Mr Charles Fiddian-Green

Rolfe: You are now controlled by the Old Mutual - what effect does this have on you as a group? Fiddian-Green: In practical terms, they have two representatives on our Board, which meets approximately every two months. The difference between being controlled by the Old Mutual and Jardines, Matheson & Co our previous controller, is that the Old Mutual does not consolidate the results of Rennies. They simply show their shareholding as a portfolio investment and therefore the actual day to day communication is far less with the Old Mutual than it was with Jardines.

Rolfe: Is Rennies the Old Mutual's arm for developing into various parts of industry? Fiddian-Green: Well, I think one reason for the acquisition was that they wanted to have a company quoted on the Stock Exchange which had good management and to be able to use it, not immediately, but as opportunities arise, for that company to be the acquirer. This is one reason why they have a high shareholding. They can afford to let its shareholding drop from 75% to, shall we say, an effective controlling interest which would be 45%-50%. I think their policy is to allow the shareholding to drop to that extent by allowing us to issue shares if we find the right thing to issue shares for.

Rolfe: What finance do you have available for expansion? Fiddian-Green: Probably some R40m-R50m, in that our total borrowings to shareholders' funds at the moment are around 30%. There is a lot of potential for raising further capital by perhaps flotations of one division - and, of course, we do have a share price which is standing at a substantial premium over asset value, so one can afford to pay quite a lot of goodwill.

Rolfe: What is your general management philosophy? Fiddian-Green: First of all, to maximise the wealth of the shareholders. Secondly, we are by and large a service organisation who employ some 23 000 people. We believe that we have created the atmosphere in Rennies whereby people who have ability can work without undue frustration or bureaucratic control. In other words, we do believe that we allow our people to develop and that we encourage the entrepreneur down the line. We have been very successful and we are going to continue that.

Rennies Consolidated Holdings Ltd. 14th Floor, Rennie House, 19 Ameshoff Street Braamfontein, Johannesburg 2001, South Africa. PO Box 7214, Johannesburg 2000. Telex 4 22245. Telegrams RENIFORM. Tel 339-4644.

UK NEWS

Whitehall faces second telecom policy dilemma

BY GUY DE JONQUIERES

THE GOVERNMENT'S rejection of the joint proposal by British Telecom BT and IBM to launch an electronic information network has settled one of the thorniest problems to face UK telecommunications policy since liberalisation of the market began three years ago.

However, the decision does nothing to resolve another - and arguably even knottier - problem still on the desks of officials. The unenviable task now confronting Whitehall is to set down in cold print a definition of a value added network, or Vans for short.

Broadly speaking, the challenge is to devise a working distinction between the basic business of transmitting information such as telephone calls and computer data on a telecommunications network, and the processing or manipulation of that information so that "value" is added to it in some way. Such processing is often done by computers.

Getting a clear definition is crucial. The Government is eager to encourage the growth of the Vans market. However, it is also committed not to allow other companies to compete with BT and Mercury in

telecommunications transmission before mid-1989.

It is also prohibiting other companies from "creaming off" BT's profits by buying capacity on its circuits and reselling it.

These conditions are intended to give Mercury a chance to establish itself and to allow BT time to adapt to competition by adjusting its tariff structure. BT aims to eliminate cross-subsidies between its lucrative trunk services and its unprofitable local network by raising prices for the former faster than for the latter.

Individual examples of Vans are easy to identify. They include electronic mail services, operated by BT and others, which allow text messages to be sent to a central computer where they are stored until retrieved by the person to whom they were addressed.

Writing a blanket definition is much harder, however, especially against a background of fast-changing technology. In strict engineering terms, there is no clear-cut distinction between the processing and transmission of information, and

imposing one is likely to call for delicate value judgments.

If, for instance, a major computer supplier connected its customers data processing centres on circuits leased from BT, much argument might be needed to determine whether it was operating a genuine Vans.

Some industry experts believe that the Government has set itself an impossible task. They argue that the rapid convergence of computing and communications technologies renders meaningless any attempt to distinguish between them.

This conclusion was reached in the late 1970s by the U.S. Federal Communications Commission after toiling for several years at an almost identical semantic conundrum. Finally, it gave up the struggle and ruled that, with the exception of American Telephone and Telegraph, computer and telecommunications companies should be free to enter each others' territory.

In Britain, an official report by Professor Michael Beesley of the London Business School, called for a similar approach three years ago.



Mr Alan Hare, former chairman and chief executive of the Financial Times (left) being awarded the Commander's Cross of the Order of Merit of the Federal Republic of Germany by Rüdiger Baron von Wechmer, the West German ambassador in London.

The ambassador said: "We are honouring a man who proved himself a consistent friend of my country."

"It is due to your drive and dedication, indeed I may say vision, that a paper of the acknowledged international standing of the Financial Times is printed daily not only in London but also in Frankfurt."

He said the Financial Times had pioneered transmission of large sections of the paper from the City of London to Germany. Today, the Frankfurt edition was an established part of the international media scene.

EEC directive on unit trusts 'may be adopted next year'

BY GEORGE GRAHAM

HARMONISATION of unit trust legislation in the EEC could be a reality by the end of 1985, according to Mr Mark St Giles, managing director of GT Unit Managers and president of the European Federation of Investment Funds and Companies.

Mr St Giles was speaking at a conference in London on "Unit trusts - a major force in international investment," sponsored by the Unit Trust Association and the Financial Times in association with Money Management. He said there were still problems over the scope of the EEC draft directive on undertakings for collective investment in transferable securities (UCITS) but these were beginning to be solved.

Mr R. Vandamme, head of the European Commission's financial services directorate, later agreed with Mr St Giles on the chances that the directive might be adopted next year. "We have made very good progress in the past month," he said, "and today's meeting in Brussels of the working party will show whether there is a will to proceed."

Mr Vandamme said there had been difficulties over the application of the directive to some Luxembourg funds that were quoted within the EEC but only marketed outside the Community. But the prospects of the UCITS directive and a parallel directive on free movement of capital within the EEC for unit trusts were good.

Mr St Giles criticised some aspects of the directive, particularly proposals to restrict the liquidity of funds. "We don't want to be hampered on liquidity," he said, urging the Commission to count liquidity as a permitted asset and thus allow the creation of money market funds.

These funds had been the key to the growth of the mutual fund industry in the U.S., said Mr David Silver, president of the Investment Company Institute. They served as the "linchpin for the development of integrated investment programmes."

Money market fund assets had fallen from their peak of \$332bn at the end of November 1982, partly because banks had been allowed to offer federally insured money market deposit accounts. But mutual funds had clawed back the advantage from banks which initially offered high introductory rates on their accounts.

"This favourable differential has increased during the past 12 months and currently exceeds 115 basis points," Mr Silver said. As a result, assets had recovered from \$185bn in mid-1983 to \$185bn today.

Mr Silver said equity, bond and income funds were also booming. After drifting along at about \$4bn a year in the 1970s, sales of these mutual funds rocketed to \$40bn in 1983 and had continued at an even faster rate this year.

In Japan, medium-term government bond funds had proved similarly attractive to investors, said Mr Itsumi Minami, president of Daiwa Investment Trust and Management. These funds, which offered immediate withdrawals, were launched in January 1980 and now had assets totalling 4.5 trillion (million million) yen.

In total, the net assets of Japanese stock investment trusts amounted to about 7 trillion yen and those of bond investment trusts to about 9 trillion yen.

A warning against complacency came from Mr David Hopkinson, deputy chairman of M & G group. He pointed out that the number of unitholders in the UK at 2.2m was still less than in 1974. "A lot of people got very frightened then," he said.

"Managements should limit the spread of their prices so as not to overcharge unitholders coming in or going out," Mr Hopkinson said.



He urged that there should be complete openness about the basis on which unit trusts were priced.

Mr Michael Lipper, president of Lipper Analytical Services, added a further warning that fund management groups might now be experiencing peak profit margins. "The key is that the market is getting extremely crowded in terms of product," he said, "so distribution costs will go up."

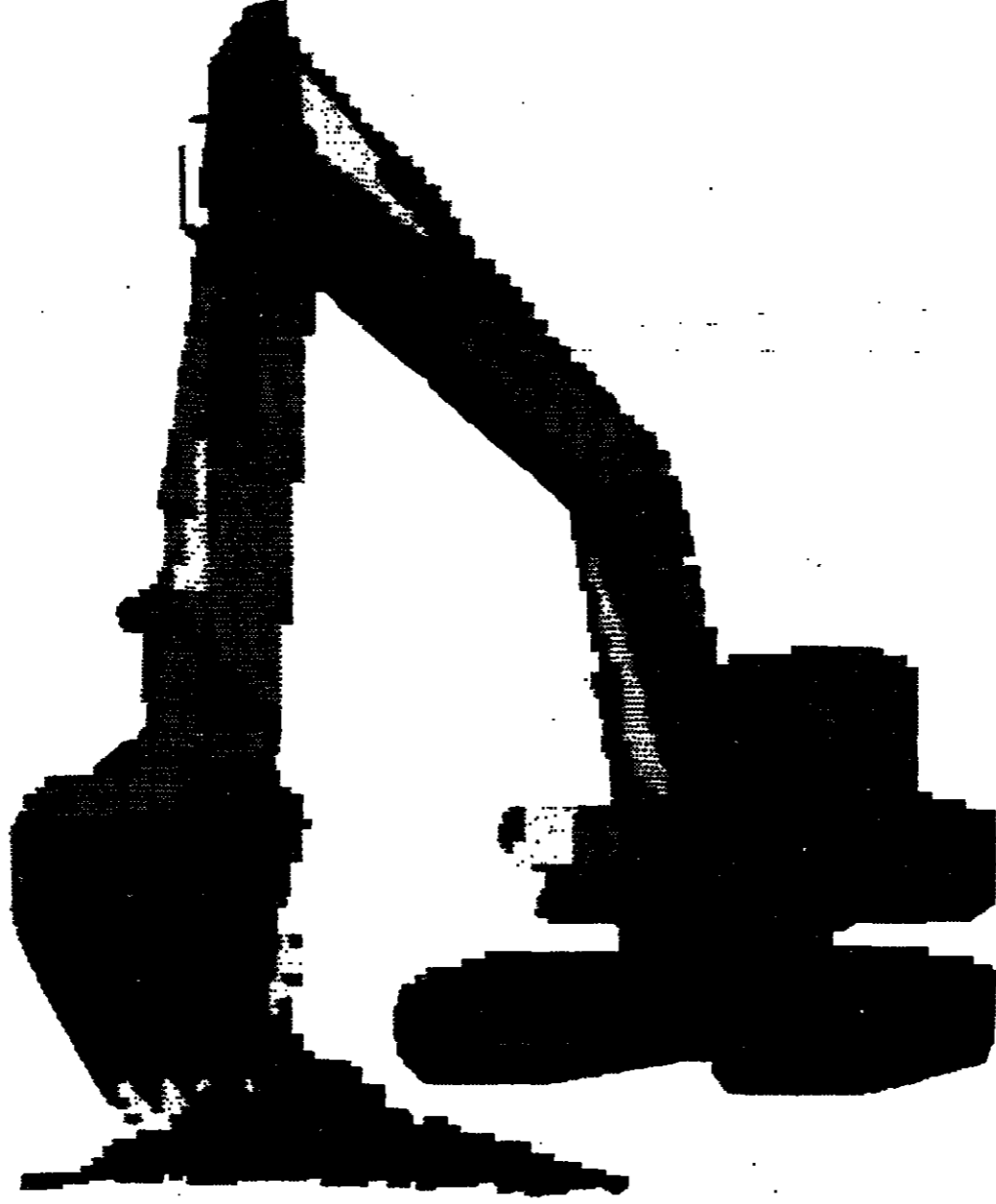
He added, "The single thing we must watch out for is uncontrolled greed." Many management groups had "confused brilliance with a bull market."

Mr Lipper said he expected an increase in redemptions as those who invested in unit trusts and mutual funds in the 1950s and 1960s withdraw their investments.

Fund managements should develop specialist abilities to cater for the large and growing corporate and charitable institutional markets, he said. They should also make sure that they were serving their better investors, who held not just one fund but five or as many as 10 different funds.

Other speakers were Mr M. J. Pherwani, chairman of the Unit Trust Company of India; Mr Andrew Burney, associate director of Schroder, Darling in Australia; Mr James O'Donnell, president of Canada's Mackenzie Financial Corporation; Mr Peter Pearson, managing director of Fidelity International Investment Management in Hong Kong; and Mr Alister Colquhoun, chairman of the South African Association of Unit Trusts.

The British construction industry trusts Shell oils



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Sinclair launches new Spectrum computer

BY JASON CRISP

SINCLAIR RESEARCH, the leading British home computer company, has launched a revamped and more expensive version of its best-selling product, the Spectrum.

The computer, the Spectrum Plus, is expected to become Sinclair's single most important product. It costs £180, has an improved keyboard and comes with six applications programs including word processing. Unlike any previous launch by Sinclair, the new product appeared in the shops yesterday.

The main battle for the UK home computer market is between Sinclair and Commodore, the U.S. group. The new Spectrum will face strong competition from the Commodore 64, which sells at about £180. Other competitors are Acorn's Electron and the new computer from Amstrad.

Sinclair intends to continue sell-

ing the standard Spectrum at £130. Mr Nigel Searle, managing director of Sinclair, said yesterday that sales of the Spectrum Plus in the UK would be double those of the basic model.

Revenues from the Spectrum Plus, he said, were expected to be significantly more than those from the more expensive QL (launched at the beginning of the year) until late 1985. Last year Sinclair made pre-tax profits of £14m on sales of £77.7m.

The new computer is being made by Timex at Dundee and AB Electronics in Wales and will also be made soon at Samsung Electronics in South Korea. Current capacity for both versions of the Spectrum is 200,000 computers a month. The new machine is shortly to be sold in France, Italy, West Germany and Spain.

WHICH European computer company sold more business micros in Europe last year than any other?

7A

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APPOINTMENTS

Bowater Industries senior posts

BOWATER INDUSTRIES has appointed Mr Russell H. Miller to be secretary from November 1. At present senior legal adviser to the group, he will combine these responsibilities with company secretarial matters of both the parent company and its UK subsidiaries. Mr D. A. Ross (the present company secretary) will take up the new appointment of director of public affairs from the same date and be responsible for presenting the progress and prospects of the Bowater Industries group to shareholders and to financial and media audiences.

Mr Michael Spence has been promoted to financial director by FRONTAPRINT. He joined the company as a franchise accountant in 1979 and became chief accountant and secretary in 1980 and 1981 respectively.

SCOTTISH WIDOWS FUND AND LIFE ASSURANCE SOCIETY has appointed Mr Gavin Gemmill as a board director. Mr Gemmill joined investment managers Ballie, Gifford & Co in 1982, becoming a partner in 1987. For the last five years he has been responsible for pension fund and other tax-exempt clients.

Mr Philip Jevons has been appointed a director of ACLI METALS (LONDON), the London Metal Exchange dealing arm of Deanshield, Luton & Jaccarite for the New York investment bankers. Mr Jevons was appointed a board member of the LME earlier this year having previously served as a member of the committee.

Telfer joins Renold board

Dr E. G. J. Telfer has joined the board of RENOLD, a non-executive director. He is currently director of the Manchester Business School. Until recently he was chairman and managing director of Mather and Platt with whom he will be continuing as non-executive director.

Mr Eric L. Cooper has been appointed managing director of DYLAN INTERNATIONAL. He succeeds Mr Michael Samuel, who became chairman of Dylan and managing director of its parent company, Mayborn Group. Mr Cooper was previously managing director of Joseph Mason, Derby-based paint manufacturers.

OLD MARKET SQUARE SECURITIES announces the appointment of Mr Geoffrey C. Bond as chairman and Mr Peter Bertram as managing director. Mr Bond is senior partner of ANTON HILL Bond, brokers of Nottingham and London. Mr

Bertram, a non-executive director of Commercial and Industrial Securities and of H. N. Barnes Holdings, recently retired from the board of United Dominions Trust.

INTERNATIONAL COPPER RESEARCH ASSOCIATION, has announced the appointment of Mr Brian E. Moreton as vice-president and officer of the Association. Mr Moreton, who has been European director of INTRA's London office since 1974, will continue to be responsible for the Association's European activities.

AIR PRODUCTS announces the appointment of Mr Christopher J. Ryan to the board. He was previously general manager, industrial gases division—UK.

BATH AND PORTLAND GROUP announces the appointment of Mr John C. Owens to the board of Dudley Coles (SW) their specialist works building company based in Plymouth. Mr Owens joined the group in 1968 as a management trainee. He has since progressed through a number of departments and became building manager in 1982.

Mr Rob Craig has been appointed managing director of MOLEX ELECTRONICS, with additional responsibilities for Ireland, excluding manufacturing. He was previously director of international marketing based at the company's headquarters in the U.S.

Mr Robert Anderson will be appointed technical director of CORY SHIP TOWAGE on the retirement of Mr Frank Johnson on November 23, 1984. Cory's chief engineer from 1973, Mr Anderson joined the company in 1984 as a superintendent engineer with Rea, its Merseyside subsidiary.

Dr A. C. R. Dreesman, chairman of Vendex International, is to join the board of EMPIRE STORES (BRADFORD).

Mr Kenneth F. Roberts has been appointed deputy chairman of WESSEX WATER AUTHORITY from January 1 1985. He will succeed Capt G. F. M. Best whose extended term of appointment expires at the end of the year. Mr Roberts has been chief executive of the authority since its inception in 1973. Before the 1973 re-organisation of the water industry he was general manager of Bristol Waterworks Company.

Prof Gerald H. Lawson and Mr A. T. Wright have been appointed non-executive directors of DIETSMANN (UK). Prof Lawson is Professor of Business Finance, Manchester Business School, University of Manchester. Mr Wright, retired from BP Eastern, as manager, management

computer services and has served as an independent consultant for a number of Middle East oil companies. Dietmann (UK) is the British subsidiary of Dietmann International providing maintenance and drilling engineering services to the oil industry.

Mr Frank Hinch has been promoted to marketing director of ACCESS EQUIPMENT. He was marketing manager. The appointment was made by Up-Right Inc of California, an international company which acquired Access just over a year ago.

Mr Stephen H. Margolis has joined the board of ALBION FILMS where he will be responsible for business and legal affairs. He was formerly with North West Securities.

Miss Hazel Baron has been appointed to the board of CHRISTOPHER BOSANQUET as director of corporate communications. She was a director of Financial Communications.

Mr Jahar Sengupta has been appointed a director of CHLORIDE GROUP. He joined Chloride India in 1983 as a management accountant. He was appointed managing director in



1970 and chairman in 1983 and will retain both these responsibilities. He is a non-executive director of the main board of the Reserve Bank of India and of the Imperial Chemical Industries company in India.

Dr John Ault, managing director of Westland Engineers, has been appointed chairman of the Confederation of British Industry's south west region. He succeeded Mr John Gough, deputy chairman of Klenzow Holdings. New vice-chairman is Mr Pat Darley, deputy chairman and chief executive of Bridport Gundry.

Mr R. E. Frank has retired as chairman and chief executive of CONCORD INTERNATIONAL (CURACAO) NV, and has been succeeded by Mr Tom Welsh. Mr Welsh is executive director

Europe of The Hongkong and Shanghai Banking Corp, based in London. Mr Michael J. Wilson has been appointed chief executive of Concord International. He was with Barclays Bank International. Concord International (Curacao) NV, is a subsidiary of The Hongkong and Shanghai Banking Corporation which holds over 70 per cent of shares; other shareholders include Philadelphia National Bank, Banque Worms SA and Nedbank.

Mr Peter Richardson has been appointed sales director designate of MCCORQUODALE VARNICOAT and will join the company in early November. Mr Peter Brook has been appointed vice president of Trainers. Both are marketing/sales director design-MCCORQUODALE companies.

Mr Ian Jones has been appointed sales director of DAF TRUCKS (GB) from November 5. He joins from Austin Rover.

Mr Robin Shelley has been appointed to the board of HERBERT MORRIS, responsible for worldwide sales and marketing. He was with Sparrows. Herbert Morris is a subsidiary of Davy Corporation.

MORCEAU FIRE PROTECTION has appointed Mr Robert J. Donaldson as general manager, Aberdeen. He recently relinquished his position as manager, offshore and recruitment divisions with Aberdeen Service Company (North Sea).

Mr Brian C. Lewis has been appointed deputy general manager computer division of NEC BUSINESS SYSTEMS (EUROPE), European subsidiary of the Japanese NEC Corp.

Mr J. M. Middlemas will be leaving the partnership of Touche Ross and Co on December 31 to take an appointment from January 1 1985 as an executive director of LIBERTY HOLDINGS with a primary responsibility for the international interests of the Liberty group.

CSE AVIATION has appointed Mr Rex Fenton, presently product support director, as managing director of CSE AVIATION, a division of the parent company, from January 1985.

Mr L. A. Edwards, who has been chairman of STORNO for the past two years, takes over as managing director from Mr Bernard Flashman who will be responsible to Mr Edwards for special assignments. Mr Eileen Lundgren who has worked for several years with Storno in Sweden, West Germany and the UK, has been appointed technical and operations director.

RENELEC, mechanical and electrical specialist in the Lovell Group, has appointed Mr Geoff Crowder as a director. He joined the Horsham branch 20 years ago.

National Australia Bank Announcement

From October 1, 1984, our legal name will change from National Commercial Banking Corporation of Australia Limited to National Australia Bank Limited.

In all correspondence, other than in legal documents, we shall be known as



National Commercial Banking Corporation of Australia Limited was a merger of the National Bank of Australasia Limited and the Commercial Banking Company of Sydney Limited.

State Bank of India

US \$30,000,000

Negotiable Floating Rate Dollar Certificates of Deposit due 1987 Tranche B. In accordance with the provisions of the Certificates, notice is hereby given that the rate of interest for the period from 17th October 1984 to 17th April 1985 has been established at 11 1/4 per cent per annum. The interest payment date will be 17th April 1985. Payment which will amount to US \$14,692,71 per Certificate, will be made against the relative Certificate.

Agent Bank: Bank of America International Limited

This advertisement is issued in compliance with the requirements of the Council of the Stock Exchange.

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Issue of 3,650,000 8 per cent Cumulative Convertible Redeemable Preference Shares of £1 each.

Permission has been granted by the Council of The Stock Exchange for all of the above shares to be admitted to the Official List. The shares have been issued as part of the refinancing proposals which were set out in the circular to shareholders dated 20th September, 1984 and approved by the Company on 15th October, 1984.

Particulars of the shares have been circulated in the Extol Statistical Services and copies of the particulars may be obtained during usual business hours on any weekday, except Saturday, up to and including 31st October, 1984 from:

Morgan Grenfell & Co. Limited
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THE ARTS

The Royal Academy/William Packer

Baron Thyssen's triumphant one man show

The very idea of great works of art, indeed of art of any standing being held in private hands, seems rather to touch the collective nerve in a democratic age...

How unfair it is: but the example of the dog in the manger was never the most edifying, and a moment's pause shows us just how silly it is. For the logical extension of that various reflex into principle would argue the case as the only legitimate patron, which is a role it has always been, and is ever likely to be conspicuously reluctant to take on.

There is a further, perhaps even more fundamental point to be considered. All art is new art once, and there must always be a first patron who, by the very nature of things, is rather more likely to be a private person than a public institution...



'Twice Eide II', 1923, by Karl Hubbuch, and Max Beckmann's 'Quappi in Rose', 1932-34

charged up and activated, and brought to life. All artists know that public collection does their reputation no end of good, but they want their work to be loved as well.

Baron Thyssen-Bornemisza inherited from his father a share of a magnificent collection of Old Masters, but one that by personal interest and prejudice barely extended beyond the 18th century.

is the demonstration it makes that it is still possible to match range of interest to work, item by item, of the highest quality.

aduced, cross references made, that were never thought of in the purchase. These paintings hang in the usual way of things in the more particular furnished spaces of daily domestic life, and for the Baron to see them here is to see them almost as we do, and certainly to see them afresh.

New York Theatre/Frank Lipsius

A lot of little things

Little things mean a lot to the playwrights represented at the outset of the new season on and off Broadway.

David Rabe's *Hurlyburly* at the Ethel Barrymore sees value in nothing but the baby's father steals from his estranged wife.

Director Mike Nichols puts some shape into the messy indulgence of a script with an all-star cast stuck with monologues relieved by characters' sleeping each other on the back and traipsing from living room to kitchen and upstairs in Tony

While the quilts give a visual as well as thematic focus to the show, there is none of the quilting women's passion for organization in the here-down music and random comments of worthy but dull women.

The little thing in *Blue Window* is a missing tooth, in Craig Lucas's story of a dinner party in which the hostess breaks her front tooth as guests are about to arrive.

The little thing of *Rap Master Ronnie*, a "parisian revue" at the Village Gate, is the capability of the American President, who is mercilessly parodied in songs like *Nine to Twelve*.



William Hurt and Sigourney Weaver in 'Hurlyburly'

Saleroom/ Antony Thorncroft

Sotheby's autumn sales of Islamic art made a good start yesterday morning, with manuscripts and miniatures totalling £228,806, with just 5 per cent unsold.

In the afternoon session manuscripts did exceptionally well. A Qur'an of the late 16th century, probably from Alexandria, and from the estate of the late King Umberto II of Italy made £44,000 to Mags.

Rozhdestvensky/Barbican Hall

Max Loppert

It has been a while since Gennady Rozhdestvensky made his last London appearance, as chief conductor of the BBC Symphony Orchestra.

Each of the works therein, the Rimsky-Korsakov *Copriccio spagnolo*, the Prokofiev *L'Enfant et le Sortilège*, and the Tchaikovsky *Fourth Symphony*, can be fresh, colorful, and full of original (but never egregiously insistent) detail.

clearly takes more than a single concert for the link to be firmly re-established. Wind and especially brass solos were scruffy and accident-prone throughout; when the violins came to dig into a big unison melody, intimations of back-seat "passengers" were rather too apparent for comfort.

Since Russia is particularly reluctant these days to permit its musicians to travel abroad, we are particularly fortunate to have had another visit by the pianist Emil Gilels.

Monday's solo recital gave us a fuller view of the artist. He offered a group of seven Scarlatti sonatas in a variety of moods, and Debussy's *Four le piano* suite with *Rechts dans l'eau* as encore.

Gilels/Festival Hall & St John's

David Murray

Bob Hope / Dominion

Antony Thorncroft

It is nonsense to say that the western world does not revere old age—any entertainer who keeps going beyond seventy is certain of an ovation from his audience; if you make eighty you get a standing ovation. Ask Bob Hope.

Bobo after the show—"to window shop."

Not surprisingly in such company some of the jokes, too, carry the respect of age. The man with the deaf wife (and eighteen kids who every night asks her "do you want to go to sleep, or what?") must have a music hall provenance, but delivered as part of an unstoppable flow, what does it matter. There was one quick look at a critic to see how his memory was doing—"I got it all in" he says with amazed pride—but for the rest it was a considerable achievement for experience and charm, even if the necessary concentration meant that some of Hope's traditional cheeky exuberance has gone.

There was the odd gay joke to show a contemporary side. Golf got more than a mention, as did religion, obviously now a relevant topic for him. He was gentle about Reagan, avoided any local political asides, and once or twice included American references beyond a British audience.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

PARIS: Macbeth conducted by Georges Feltz in Audouin Vitès' new production with Remon Brussa alternating with Emma Grandjean in the role of Macbeth and Shirley Verrett alternating with Ghena Dimitrova in that of Lady Macbeth.

CHICAGO: The Games to inaugurate this year's festival. (636-4100).

WEST GERMANY: Cologne Opera: The highly acclaimed television production of *Les Cahiers de Lola*, sung in Italian, returns with Alberto Rinaldi and Janice Hall.

NEW YORK: Metropolitan Opera (Opera House): The premiere of Jean-Pierre Ponnelle's production of *La Clemenza di Tito* conducted by James Levine and starring Renata Scotti, Tatiana Troyanos and Kenneth Riegel.

VIENNA: Staatsoper (5324/2655): Tosca conducted by Stein with Aragall; The Barber of Seville; Lulu conducted by Schirmer with Fusthönder, Adam, Zednik, premiere of Krenn's *Karl V* conducted by Leinsdorf with Reich, Armstrong, Janowitz.

NETHERLANDS: Amsterdam, Carve Theatre. All week (except Mon) the acclaimed National Ballet production of Romeo and Juliet, choreographed by Rudi van Dantzig. The title roles are danced by Jane Lind and Barry Watt.

Film Festival / New York

Frank Lipsius

Despite the varied sources of entries for the New York Film Festival, American distributors make a special effort to be included, especially with films with less than obvious mass appeal.

LENNART HILJSTRÖM'S *A Hill on the Dark Side of the Moon* is a Swedish film with an elegance deriving of its 1980s setting. Based on a real romance between a precocious feminist and scholar, both Russian refugees in Stockholm, the film reflects the reserve of the times and the hesitancy of the couple to commit themselves to their surprising attraction to each other.

INTERNATIONAL GUIDE TO THE ARTS every Friday in the Financial Times

Handwritten note in Arabic script at the top of the page.

SECTION II - INTERNATIONAL COMPANIES

FINANCIAL TIMES

Tuesday October 16 1984

COWIE CONTRACT HIRE LTD. For business Cars and Vans. Tel 0783 44122. A Cowie Group / Forward Trust Joint Venture Company.

TAYLOR WOODROW TEAMWORK IN ENGINEERING WORLDWIDE. Logo showing three stylized figures.

Fannie Mae plunges into loss

By William Hall in New York. THE Federal National Mortgage Association (Fannie Mae), the U.S. government-sponsored agency which refinances house mortgages, suffered a third-quarter loss of \$43.1m. The company was hit by rising interest rates and higher loan losses.

Chase Manhattan third quarter profits fall 14%

BY PAUL TAYLOR IN NEW YORK. CHASE MANHATTAN, the third largest U.S. banking group, yesterday reported a 14 per cent decline in third-quarter earnings. Chase revealed that it had used the proceeds of a legal settlement with Drysdale Securities to bolster loan-loss provisions against its developing country loan portfolio by \$50m in the latest quarter.

KemaNobel chiefs to quit after takeover

By David Brown in Stockholm. THE president, finance director and two top divisional managers of KemaNobel, the leading Swedish chemicals group, have announced they will resign after the unwelcome takeover last month by the Bofors armaments manufacturer.

Saab to step up car output as sales climb

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM. SAAB-SCANIA, the Swedish motor and aerospace group, increased its profits by 35 per cent in the first eight months of the year. The group announced yesterday that it is to expand its car production capacity by 25 per cent to 150,000 cars a year over the next three years with an investment of some Skr 360m (\$41.3m) in new plants.

In the comparable period last year Fannie Mae earned \$24.8m. The latest loss follows six consecutive profitable quarters for the company, which buys mortgages from the U.S. savings and loan industry. The company was established by the U.S. Government in 1938, but was floated off to the private sector in 1968.

Australian to become first chief executive of Britoil

BY DOMINIC LAWSON IN LONDON. BRITOIIL, the UK's largest independent oil company, has appointed its first chief executive since it was split from the British National Oil Corporation and privatised almost two years ago.

UK computer group seeks new route to U.S. market

BY JASON CRISP IN LONDON. APPLIED Computer Techniques, the fast growing British computer group, is looking for new ways to move into the U.S. market following the collapse of its agreement with its distributor there, Micro D.

Mr David Maxwell, Fannie Mae's chief executive, attributes the third-quarter loss to a \$56m negative interest margin and a \$35m addition to its allowance for loan losses. The company, whose shares are traded on the New York Stock Exchange, says that a large part of its negative interest margin was the result of the need to refinance cheaper debt at higher interest rates.

Southwestern Bell exceeds forecasts

BY OUR NEW YORK STAFF. SOUTHWESTERN Bell yesterday reported third-quarter earnings of \$2.2m, or \$2.47 a share, on revenues of \$1.64bn.

Rand Mines Group. All Companies are members of the Barlow Rand Group. Gold Mining Company Reports for the Quarter ended 30th September, 1984.

Mr Charles Exley, chairman, said worldwide orders showed a good gain during the period. Burroughs, a leading producer of data processing and business equipment, lifted third-quarter net earnings from \$38.6m, or 92 cents a share, to \$50.2m, or \$1.11, on nine-month earnings of \$150.5m, or \$3.32 a share, against \$115.5m, or \$2.74, in the latest quarter, and \$3.99bn (\$3.08bn) in the nine months.

U.S. shipping line doubles net income

BY OUR NEW YORK STAFF. AMERICAN President Companies, the U.S. west coast container shipping group, has reported a 93 per cent rise in its third-quarter net income to a record \$30.7m and plans to raise upwards of \$60m through a common share issue.

Table for HARMONY GOLD MINING COMPANY, LIMITED. Operating results for the quarter ended 30th September, 1984. Includes columns for Quarter ended and Quarter ended 1984.

Table for BLYVOORUITZICHT GOLD MINING COMPANY, LIMITED. Operating results for the quarter ended 30th September, 1984. Includes columns for Quarter ended and Quarter ended 1984.

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER. On sale every business day at your hotel in PARIS. GRAND HOTEL - HOLIDAY INN (Republique) - PLM ST. JACQUES - MONTMARTRE PARK - HILTON (Av de Suffren) - NEWKO - NOVA PARK - GEORGE V - MERIDIEN - PLAZA ATHENES - PRINCE DE GALLES - ROYAL MONCEAU.

Time lifts quarterly earnings by 52%

BY OUR NEW YORK STAFF. TIME, the U.S. magazine and publishing group, lifted third-quarter earnings by 52 per cent from \$30.3m, or 47 cents a share, to \$46m, or 72 cents a share.

Table for DURBAN ROODEPOORT DEEP LIMITED. Operating results for the quarter ended 30th September, 1984. Includes columns for Quarter ended and Quarter ended 1984.

Table for EAST RAND PROPRIETARY MINES LIMITED. Operating results for the quarter ended 30th September, 1984. Includes columns for Quarter ended and Quarter ended 1984.

Table for DURBAN ROODEPOORT DEEP LIMITED. Operating results for the quarter ended 30th September, 1984. Includes columns for Quarter ended and Quarter ended 1984.

Table for EAST RAND PROPRIETARY MINES LIMITED. Operating results for the quarter ended 30th September, 1984. Includes columns for Quarter ended and Quarter ended 1984.

INTL. COMPANIES & FINANCE

Lack of monetary policy blamed for Kuwait crises

BY MARY FRINGS IN BAHRAIN

KUWAIT'S failure to adopt an effective monetary policy to cope with the enormous pressure of private liquidity after successive oil price increases was at the root of its 1977 and 1982 financial crises according to Mr Peter Minchin, a member of the London Stock Exchange and general manager of the Securities Group of Kuwait.

Mr Minchin was speaking in Bahrain at a two-day conference on financial accounting practices in the Middle East, organised by Middle East Economic Digest (Meed).

In an analysis of the development of the Kuwaiti corporate sector and the boom and bust cycle which followed the introduction of forward trading in Kuwait and Gulf company shares, Mr Minchin said there

was no concept of crisis prevention and that the Government now owned a third of the entire Kuwaiti market.

Unless its holdings were sold back to the private sector to soak up the available funds there could again be an extreme shortage of tradable stock, leading inevitably to overvaluation, he said.

Other ingredients in a recipe for disaster were weak control of bank credit, a recurring failure to stamp out unlimited and unsecured non-banking credit in the form of post-dated cheques, the formation of companies for the sole purpose of trading in their shares, insufficient control over trading mechanisms, lack of understanding of accepted investment criteria, the scarcity of readily available investment analysis

and advice, and the use of misleading appropriation statements in company reports.

On the latter point, Mr Minchin said there was misapprehension about the effect of scrip issues, and rather than putting part of the current year's profit into bonus shares, scrip issues should be shown as capitalisation of reserves.

In the past investors had failed to grasp the dilution aspect of a scrip issue and only one or two days after it, share prices had reverted to their original level.

Mr Robert Hughes, a partner in Ernst & Whinney, Dubai, suggested that while there had already been an improvement in the standards of financial reporting, more investigation into company collapses and the publication of the results was necessary.

Success for Pioneer Concrete issue

By David Dodwell in Hong Kong

PIONEER CONCRETE Services, the Australian manufacturer of pre-mixed concrete, asphalt, and quarry products, revealed yesterday that the first tranche of an A\$100m, (US\$33.2m) Euro-commercial paper borrowing programme has been four times oversubscribed.

BA Asia, the Hong Kong-based subsidiary of Bank of America which is acting as lead manager for the issue, said Pioneer is the first Australian company to issue Euro-commercial paper, which is essentially short-term promissory notes issued by corporate borrowers on the Euro-market. The notes were issued by tender.

The borrowing programme, which will involve issues for one, two, three, six and 12 month periods, has been underwritten by 10 banks. Previous borrowing for Pioneer, the international operations of which are based in Texas, the UK, and Hong Kong, has been by means of syndicated Euro-currency loans. Substantial diversification over the past five years has broadened group operations into mineral and energy exploitation.

Also in Hong Kong Kia Industrial, one of Korea's leading vehicle manufacturers, has announced two syndicated term loans, worth US\$30m and Y5bn (US\$20.3m).

The loans have been guaranteed by the Korean Development Bank, with funds coming from 20 banks. They are to be used to cover Kia's foreign currency costs in expanding its vehicle manufacturing plant in Sohari, Korea.

Multi-option loan package for Leighton

SYDNEY—Leighton Holdings, Australia's largest building and civil engineering group, has awarded a tender for a A\$110m (US\$82m) financial package to the Commonwealth Bank of Australia.

The package comprises domestic banking and multi-option domestic and foreign currency financing facilities.

Leighton, which is 40 per cent owned by Hoechst of West Germany, said the multi-option package gave it the flexibility required for its current phase of rapid expansion. Reuter

Two-thirds of Saudi companies in profit

RIYADH—Saudi Arabia's Ministry of Commerce has reported that 800 out of 1,200 limited liability Saudi companies turned in a profit last year.

Of the remaining 400, 70 or 5.8 per cent were liquidated, and the rest were barely breaking even or losing money, said Mr Abdul-Rahman Al-Zamil.

Mr Al-Zamil said that companies went bankrupt in every country, and that the bankruptcies in Saudi Arabia did not mean that the country was in a financial crisis. Instead, he said, the poorly-managed companies were forced out of business by healthy competition.

The construction sector was likely to continue getting smaller, while maintenance companies, and manufacturing enterprises would become stronger, said the Minister.

To help contractors, the Kingdom has enforced a rule whereby at least 80 per cent of any government building contract must go to a company completely owned by Saudis. This restriction applies to joint venture companies of Saudis and other nationalities. The purchase of Saudi-built building materials would not be permitted to account for the entire 80 per cent requirement. AP-DJ

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MidCon Corp. (the "Company") is a diversified pipeline and energy holding company which through its subsidiaries is engaged in the transmission and sale of natural gas, oil and gas exploration and production, contract drilling and coal mining and marketing. Its principal subsidiary, Natural Gas Pipeline Company of America, owns and operates one of the largest interstate gas pipeline systems in the United States. For the year ended 30th September, 1983 consolidated total revenues were U.S. \$3.3 billion and consolidated net income was U.S. \$121.6 million. Results for the nine months ended 30th June, 1984 were consolidated total revenues of U.S. \$3.4 billion and consolidated net income of U.S. \$129.1 million against nine months ended 30th June, 1983 results of consolidated total revenues of U.S. \$2.7 billion and consolidated net income of U.S. \$110.8 million.

The Council of The Stock Exchange has admitted to the Official List all the 34,488,398 Shares of Common Stock of the Company issued and reserved for issue.

Particulars relating to the Company are available in the Extel Statistical Service and copies of such particulars may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 6th November, 1984 from:

Credit Suisse First Boston Limited
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de Zoete & Bevan
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16th October, 1984

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For further details please contact:

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The Royal Bank of Scotland plc

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For the three month period 16th October, 1984 to 16th January, 1985 the Notes will bear an interest rate of 11 3/4% per annum. Interest payable on 16th January, 1985

Bankers Trust Company, London

October 16th, 1984

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Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the six months from October 17th, 1984 to April 17th, 1985 the notes will carry an interest rate of 11 1/4% per annum. On April 17th, 1985 interest of US\$590.87 will be due per US\$1,000 Note against Coupon No. 8.

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the Notes will carry an interest rate of 11 3/4%
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U.S. \$10,000 Note and U.S. \$14,850.69 per U.S. \$250,000
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RENAULT Trucks

UK COMPANY NEWS

Bryant gets boost from homes side

AS ANTICIPATED at the interim stage, Bryant Holdings had a very satisfactory performance from all its activities in the second six months to May 31, 1984, which resulted in full year pre-tax profits up from £7.4m to a record £11.3m.

DIVIDENDS ANNOUNCED

Table with 5 columns: Company Name, Dividend Amount, Date, etc. Includes Armour Trust, Antofagasta, Bryant Holdings, etc.

This year's results, the chairman says the results have been achieved from the continued success of the group's private homes activity, backed by solid contributions from both the property and construction divisions.

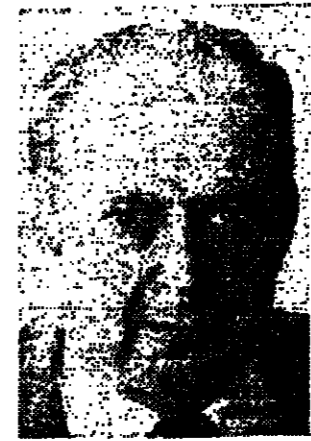
year was very satisfactory and shows up favourably against the first six months. Because of Bryant's concentration on the higher end of the market and its belief in using traditional construction methods, it avoided the difficulties associated with starter homes and timber-framed houses.

Armour up to £321,000 and sees expansion

PRE-TAX profits at Armour Trust rose by some £26,000 to £321,000 in the year to April 30, 1984, and the directors state that the current year has started satisfactorily.

UEI climbs to £4.6m despite engineering fall

DESPITE A reduction in the contribution from engineering activities, UEI, the investment holding company which also has electronics interests, raised pre-tax profits from £4.24m to £4.61m for the six months to July 31, 1984.



Mr David Moulds, chairman of UEI.

With stated net earnings per 10p share unchanged at 5.1p, the interim dividend is maintained at 5.25p on £2.1m taxable profits. In the first six months, the group's electronics side lifted taxable profits (before central overheads) by some £9.1m to £4.01m on turnover of £34.71m (£20.14m), while engineering profits were £0.57m lower at £1.5m from £1.65m (£12m) turnover.

charges of £1.11m, against £98,000. After tax of £1.94m (£1.53m) estimated at 43 per cent (38 per cent), and minority credits of £56,000 (£6,000), the attributable surplus was £2.73m, compared with £2.51m.

UEI is emerging from the trough, but still has a good way to go before regaining its earlier impressive profits growth. Just as Yuwanda was turning from a £400,000 loss to a near break-even, Quest 50 had to raise a £200,000 design write-off relating to a new range of lightweight security vehicles, which will not start producing profits for a year or so.

UK Provident hit by LAFPR withdrawal

The loss of Life Assurance Premium Relief (LAFPR), taken away by Mr Nigel Lawson, Chancellor of the Exchequer in this year's Budget, has made a severe dent in the new life business of United Kingdom Provident, a leading mutual life company.

New annual premiums in the third quarter of the year fell to £10.7m in the corresponding period last year to £10.7m, while single premium business was virtually halved from £21.4m to £12.3m.

Acquisitions lift A. Fisher to £1m

IN LINE with recent estimates, Albert Fisher Group has passed the firm profit mark at the taxable level for the year to August 31, 1984, and has shown earnings per 5p share more than doubled from an adjusted 2.6p to 5.6p.

183 companies are wound up

Compulsory winding up orders against 183 companies were made in the High Court. They were: Fraps, LWP Financial Services, G. F. West, Friuli, Kings Country Club, Hydro-sphere, H. J. Howard and Sons, and Calco Inspection Services.

The £5.5m purchase of Carnival Fruit Company, Mr Tony Miller, the chairman, estimated that pre-tax profit would be "in excess of £1m" and that earnings would rise by 76 per cent to 5.6p.

The total dividend for the year has been boosted by 0.5p per share of 1.5p on increased capital with the payment of a 1p final as forecast.

Furniture activity helps Medminster to £0.49m

ANOTHER BUOYANT year at Medminster has produced increased pre-tax profits of £497,785 against £287,848, and higher dividends, with a final of 3.1p compared with 2.8p raising the total from 4.4p to 4.85p.

Bonusbond in the black at half year

Bonusbond Holdings turned in a pre-tax profit of £60,000 for the first half of 1984, as against a £23,000 loss last time. The company is engaged to the issue and redemption of incentive bonds and the provision of promotional and incentive consultancy and leasing.

Turnover dropped from £3.74m to £3.61m and gross profits were £19,000 lower at £448,000. Distribution and administration costs decreased to £440,000 (£487,000), while income added £21,000 (£24,000) and interest receivable £67,000 (£58,000). Interest payable took £36,000 (£35,000). After tax of £32,000 (£2,000) shareholders received £16.00 per share (0.81p losses) based on 0.87p (0.61p losses) fully diluted.

LEE COOPER GROUP PLC financial summary table with columns for Half year to 30 June 1984, Half year to 30 June 1983, and 31 December 1983.

- Initiatives taken over the past year are beginning to show positive benefits. The decision to exploit the Group's French design facilities to the full has already proved beneficial.



Markheath first-half losses rise

Losses of Markheath Securities, commercial and residential development concern, increased from £247,000 to £458,000 in the first half of 1984. In line with the company's seasonal trading pattern there were no commercial building sales for the period and all sales will once again occur in the second half.

Granville & Co. Limited

Table with columns: Company Name, Price Change, Gross Yield, P/E, Fully Paid. Lists various companies like 1420 Ass. Brit. Ind. Ord., 159 1/2 Ass. Brit. Ind. CULS., etc.

BASE LENDING RATES

Table of base lending rates for various banks and financial institutions. Includes A.B.N. Bank, Allied Irish Bank, Amro Bank, etc.

"London Shop Property Trust quietly confident" advertisement. Includes a quote from Mr. J. Hugh Jones, Chairman of London Shop Property Trust, and a large illustration of a city street scene with buildings.

LADEROKE INDEX Based on FT Index 873-879 (-3) Tel: 01-427 4411

BIDS AND DEALS

Beazer bids £33m for M. P. Kent

BY RAY MAUGHAN

C. H. Beazer (Holdings), the Bath-based property investment and building group, yesterday launched a bid worth £33.27m for Bristol-based property developer, M. P. Kent.

There was no telling when, if ever, his group would launch an offer for the quarrying company. "We have only just launched the bid today for Kent," Mr Beazer said, "and we will have to see how that goes. We know they have a sound investment in Bath & Portland and in due course our board will have to decide what to do with it."

The prospect of a renewed bid from Beazer has pushed the Leech price ahead in recent weeks, but Kent operates in much the same neighbourhood as Beazer and is advised by the same merchant bank, County Bank.

The late intervention from Beazer, at what is thought to be a substantially higher bid price, has put paid to those aspirations. Bath & Portland is engaged primarily in quarrying following its withdrawal from the civil engineering sector. But, under the chairmanship of Mr Iain Macdonald, a former executive of Hill Samuel and head of the Takeover Panel, the group has moved successfully into the instrumentation sector through the KDG Instruments subsidiary.

Barlow Rand offer for Bibby gains 90% acceptances

ACCEPTANCES OF the agreed £274m offer by South African group Barlow Rand for J. Bibby & Sons, the UK industrial and agricultural concern, have reached 90.5 per cent and the offer has now gone unconditional.

Bibby's share quote so that Barlow has the currency and geographic spread for further overseas acquisitions when suitable opportunities arise. Acceptances of the offer total 56.16m Bibby shares. These together with the 25.96m Bibby shares already owned by Barlow Rand (25.5 per cent), the 1.15m shares purchased by Brown Shipley—on behalf of Barlow Rand—since September 3 (1.3 per cent) and the 8.06m new Bibby shares issued to Barlow Rand on the acquisition of TBH (8 per cent), amount in total to 91.35m shares (90.5 per cent).



Why do food manufacturers hunger for SyFA?

Because corporate results depend on the speed with which foodstuffs turnover in the distribution depots and retail outlets. But when they wanted this strategic control with localised decision making, they couldn't find the two together—until Computer Automation came up with SyFA.

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COMPAGNIE FRANCAISE DE L'AFRIQUE OCCIDENTALE

(C.F.A.O.) (Incorporated in France with Limited Liability)

In a letter to the Shareholders dated 17th September 1984 the Chairman, Mr Paul Paoli, reported that the unaudited results of the Company for the half-year ended 30th June 1984 disclosed a net profit of Frs 35.4 million. This represents an increase of 12.83% over the corresponding period of 1983.

The recent rights issue of Frs 156 million which closed on 28th June 1984 had been fully subscribed.

During the first half of the year the market value of the Company's shares rose from Frs 564 to Frs 653 (excluding rights) per share. This gain of 22% compares favourably with the 8.6% increase in the French Stock Exchange Index during the same period.

At Group level the consolidated results for the half-year (expressed in millions of Francs) are as follows:

Table with 2 columns: Financial Metric and 30.6.1984 / 30.6.1983. Rows include Turnover, Operating Profit, and Net Profit.

Business in Europe, despite difficulties in certain sectors, is being maintained at a satisfactory level and is in line with targets. African interests have been affected by the difficult economic situation prevailing on the West Coast. The Company has taken steps to maintain its position in these markets where the medium-term outlook remains favourable.

Mr Paoli forecasted the results for the year 1984 would show a reasonable improvement on those achieved in 1983.

Haden in £2.7m sale of French subsidiary

Haden, a building, industrial and process engineering group, has sold a French subsidiary distributing Carrier air conditioners for £2.7m cash, and reorganised the distribution of the air conditioners in England.

Elbar down £750,000 on disposal of loss-makers

Elbar Industrial, a vehicle and agricultural machinery distributor, has sold two subsidiaries at an estimated loss of £750,000, of which £210,000 is not covered by provisions made in last year's accounts.

Leasing offshoot sale to cut SGB finance charges

SGB, the scaffolding group, has sold its leasing subsidiary SGB Leasing to an unidentified private company. In addition to the sale price of £25,000, SGB has been repaid a £2m company loan, and SGB Leasing's £1.6m bank loan has also been repaid.

had ended with them having out of first year capital allowances announced in the 1984 UK budget. With the tax benefits of leasing gone, and with rental rates falling sharply, SGB could have opted simply to continue collecting rentals on its existing book. Mr Shaw said. But it found several potential buyers and disposed of the subsidiary profitably.

BIDS AND DEALS IN BRIEF

British Land, the property group headed by Mr John Rithlat, has boosted its holding in Style, the shoe group, to 7.3 per cent from the 5.3 per cent stake disclosed last month.

by directors and senior management was also approved. Applications were received under the open offer for £28,018 convertible preference shares, and have been accepted in full.

The Council of the Stock Exchange has restored permission for Topco Estates ordinary shares to recommence dealings on the USM and has granted permission for the new shares and the 7 1/2 per cent unsecured loan stock 2014, which are being issued by way of rights, to be dealt on the USM. Dealings are expected to begin today.

The cash offer by Hill Woolgar & Co of 38p per share for the 31.5 per cent cumulative preference shares of 12.5p with warrant entitlement in S & U Stores has closed.

Peel Holdings has reached conditional agreement for the acquisition of Cuba (Industrial Estates) a small property company in which Largs, the holding company of Peel, has a controlling interest for a consideration to be satisfied by the issue of 180,070 ordinary shares in Peel.

Whitecroft in £3.7m acquisition

Whitecroft, the Cheshire-based textiles, building supplies and engineering group, has acquired HAP (Cheshire), an investment company, for £3.7m. The acquisition is to be funded by the issue of 2.56m Whitecroft ordinary shares, credited as fully paid.

HAP's other assets consist of commercial and industrial freehold property investments which will be added to Whitecroft's property portfolio. Pre-tax profits of HAP in the year to March 31 1984 were £264,000, mainly derived from property rents and investment income.

Security Centres

Preferential applications have been received from 1,256 shareholders of Secusa and Security Centres Holdings for a total of approximately 20.1m shares. These will be satisfied to the extent of 3.5m shares, having regard to the existing interests in Secusa, on the following basis:

Stylo succeeded in warding off a £200m bid from Harris Queensway earlier this year only because the Ziff family exerts tight control through management shares carrying 16 votes each. The Harris bid was accepted by a simple majority of shareholders.

At an EGM of Benjamin Priest Group a special resolution on refinancing proposals was approved. An ordinary resolution permitting the subscription of convertible preference shares of 10p to 148p, valuing the company at £31m.

Acceptances were received from 135 holders over an aggregate of 1.01m shares and 252,833 warrants.

Prudential Corporation has informed A & G Security Electronics that its interest now represents 5.26 per cent of its

A circular including particulars of the acquisition together with the document containing the recommended offer by N. M. Rothschild & Sons on behalf of Peel for the whole of the issued share capital of Bridgewater Estates has been posted.

Triplex has sold Electro-Mobile Engineering Company (West Bromwich) to the Car Lighting Services Group for an undisclosed sum.

This advertisement has been issued by Hill Samuel & Co. Limited on behalf of Racal Electronics Plc ("Racal")

Grow with Racal or stick with Chubb

A simple choice

Racal Offers

- An immediate and substantial capital gain
A share in the future of one of Britain's most exciting growth companies

Chubb Offers

- Hope
Hope
Hope
Hope

What right has Chubb's Chairman to ask shareholders to sacrifice this substantial capital advantage? What hope is there that Chubb's performance is going to be transformed? One thing is sure. Under Racal's management, the performance of Chubb will be transformed as in the case of Racal-Milgo and Racal-Decca. Shareholders will not only have enjoyed a substantial capital gain, but will become members of one of the most exciting companies in the world.

City comments

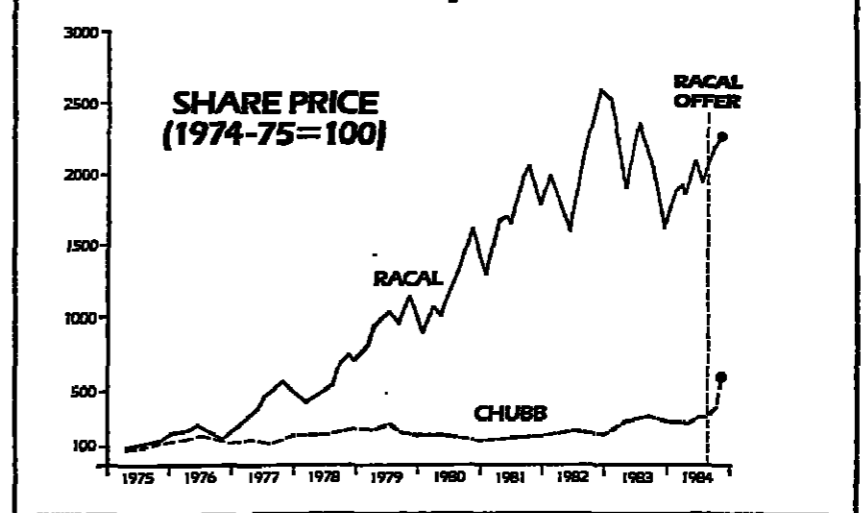
"Together, Racal and Chubb cover the security market from top to bottom." (Douglas Hawkins of James Capel & Co., quoted in the Wall Street Journal (Brussels Edition) - 13th August, 1984.)

"We believe that Chubb would thrive under the proven management of the Racal Electronics Group. The marketing expertise held within the larger group coupled with its technological excellence should provide Chubb with the opportunity to evolve into a major world force in the security market." (Phillips & Drew - research circular dated September, 1984.)

"The bid for Chubb makes a great deal of sense..." (Grievson, Grant and Co. - research circular dated August, 1984.)

"Chubb would provide Racal with the No. 3 position in electronic security systems in the world but would also require tougher management and more innovative marketing to supplement its quality name." (Wood, Mackenzie & Co. - research circular dated August, 1984.)

Let the record speak for itself



The issue of this advertisement has been approved by a duly appointed committee of the Board of Racal. Each Director of Racal has taken all reasonable care (either by taking part himself in supervising the preparation of this advertisement or by delegating that task to persons reasonably believed by him to be competent to carry it out, and by disclosing to such persons any relevant facts known to him and any relevant opinions held by him) to ensure that the facts stated and opinions expressed in this advertisement are fair and accurate and that no material facts have been omitted. Each Director of Racal accepts responsibility accordingly.

UK COMPANY NEWS

FT LAW REPORTS

Bail conditions imposed on miners upheld

R v MANSFIELD JUSTICES, EX PARTE SHARKEY AND OTHERS

Queen's Bench Division, Divisional Court (Lord Lane, Lord Chief Justice, Mr Justice Stuart-Smith and Mr Justice Leggatt): October 12, 1984.

IN DECIDING whether a condition on bail is necessary to prevent a defendant from committing offences while on bail, magistrates are entitled to use their knowledge of local events leading up to the defendant's arrest and may impose the condition if they have grounds, not necessarily substantial, for believing there is a real risk that an offence will be committed.

4,000 pickets who attempted to enter the County of Nottingham on July 25 1984. Their target was the Babington pit where 150 miners were reporting for work.

cluded the words "if the court is satisfied that there are substantial grounds for believing" that contention was not accepted. Magistrates, when a defendant was going to be bailed, were not concerned with paragraph 2 which dealt with refusal of bail. They were concerned with section 3(6) and paragraph 8(1) of the Schedule.

The individual circumstances of each defendant were not material except in so far as they showed that unless restrained each would rejoin the mass picketing at the first opportunity.

The Divisional Court so held when dismissing applications by Mr Stephen Sharkey and eight other miners for judicial review of decisions by the Mansfield justices to impose a condition on the grant of bail in respect of charges arising out of the current trade dispute between the National Union of Mineworkers and the National Coal Board.

Section 3 of the Bail Act 1976 provides: "(1) A person granted bail... (b) may be required... to comply... with such requirements as appear to the court to be necessary to secure that... (b) he does not commit an offence while on bail."

They were not obliged to have substantial grounds. It was discretion to inquire whether the condition was necessary. They were certainly entitled to use their knowledge of events at local collieries during the preceding weeks, because it was on the basis of that knowledge (inter alia) that they could properly reach a conclusion as to the necessity of imposing a condition.

When one of the miners was taken to court he had been one of eight in the dock at the same time, arrested at different locations in Nottinghamshire. Another had been brought before the court with two other men and they were placed in the dock together.

Schedule 1 paragraph 2 to the Act provides: "The defendant need not be granted bail if the court is satisfied that there are substantial grounds for believing that the defendant, if released on bail... would... commit an offence while on bail."

Two of the other nine miners were arrested on the same occasion as Mr Sharkey. Others were arrested outside collieries at Harworth, Bentsick and Bilsthorpe. The condition was imposed on their bail also, because there were "stringent" grounds that they would be likely to commit further offences, or they "might" commit further offences.

It was clear from the evidence, and must have been obvious to the magistrates, that the prevention of work by the miners on bail, would have resumed their picketing.

All the applications were dismissed. In the present circumstances the question the magistrates should ask themselves was: "Is this condition necessary for the prevention of the commission of an offence by the defendant when on bail?"

LORD LANE, Lord Chief Justice, giving the judgment of the court, said that mine striking coal miners, all of good character, had been charged with threatening behaviour, obstructing the police or other offences. All were remanded on bail by the justices. In each case a condition was imposed that the defendant was "not to visit any premises or place for the purpose of picketing or demonstrating in connection with the current trade dispute between the NUM and NCB other than peacefully to picket or demonstrate at his usual place of employment."

He based his argument on Schedule 1 paragraph 8 to the Bail Act 1976, and suggested that "the events mentioned in paragraph 2" of the Schedule included the words "if the court is satisfied that there are substantial grounds for believing"

There was nothing criminal in men congregating to carry out lawful activities. What was not lawful was for bodies of men to foregather in order to prevent others who wished to work from working by means of intimidation, threats of violence or by violence itself.

For the miners: John Macdonald QC and James Wood (Solicitor) and Brian Thompson & Partners, Sheffield. For the prosecution: Brian Appleby QC and Alexandra Scott (K.W. Ritchie, Nottingham). As amicus curiae: John Laws (Treasury Solicitor). By Rachel Davies Barrister.

Harmony lifts forward gold sales

BY KENNETH MARSTON, MINING EDITOR

FURTHER forward sales of bullion are disclosed in the September quarter reports of the South African gold mines in the Rand Mines group. Harmony, which produced 8,326 kg of gold in the quarter and obtained an average price of R16,076 per kg, has increased its hedging sales for the third quarter of next year to 4,100 kg at a price of R21,482 per kg.

Of the other forward sales made for the third quarter of 1984, Blyvoor has sold 1,866 kg at R21,051, Durban Deep 684 kg at R21,262 and East Rand Proprietary Mines (ERP) 591 kg at R20,535.

These prices represent record levels and are above those obtained by the mines in the past quarter. The latter prices were boosted by the strength of the U.S. dollar, in which sales were made and the weakness of the rand into which the revenue was exchanged.

On the other side of the coin, costs in the latest quarter have been raised by the increases in white workers wages granted in capacity of 120,000 tonnes of ore per month. Blyvoor has done well at the pre-tax stage, thanks to increased production and a minimal rise in costs.

Billiton closes Thailand tin operation

THE indefinite suspension of its major Thai tin mining operation in the Andaman Sea, off the southern province of Phangnga has been announced by Billiton Thailand, reports Boonsong K.Thana from Bangkok.

that it is taking this action because of depleting ore reserves and tin output restriction imposed by the International Tin Council.

Billiton Thailand has suffered a record working loss of 19m Baht (£669,000). The company sees little hope of any early recovery in the tin market and says that its tin production quota has had a serious impact on the viability of the offshore operation.

term outlook on quotas is not seen encouraging. Furthermore, the concession area, which has been worked under a production-sharing contract with the State-run offshore mining organisation, is nearly worked out and efforts to find additional productive areas have been unsuccessful.

COMPANY NEWS IN BRIEF

Antofagasta Holdings, rail-freight transporter and water distributor, has lifted pre-tax profits by over £1m in the half year ended June 30 1984 and the board has declared an interim dividend up by 2p to 5p net.

However, the directors of this manufacturer of products for the textile and electrical industries were reasonably confident that unless there was a fall off of incoming orders they would be able to show a better year on year result.

Profits before tax of the Jersey Electricity Co rose from £153m to £193m over the 26 weeks to July 1, 1984, but the results for the second half are likely to reflect increased expenditure in connection with the interlink with France and fuel price increases which cannot be recovered in the current year.

Gross revenue improved to £10,666m (£9,323m) and net profit before interest and tax to £1.71m (£1.27m).

This advertisement is published by County Bank Limited on behalf of Chubb & Son plc.

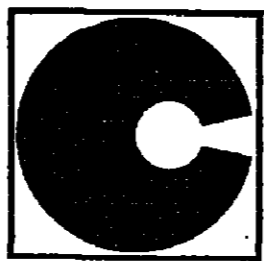
Why you should stay with Chubb

Profit Forecast	+25%	No figure*
Dividend Forecast	+30%	No forecast
A Valuable Name	Yes	?

*Racal has variously forecast "a good improvement" in profits and profits "at least double those of 1978/79". The latter implies a minimum increase of 3% for the current year.

The future is clear with CHUBB Don't risk it with Racal

DON'T SIGN ANY FORM OF ACCEPTANCE



CHUBB: The most valuable name in the business

The directors of Chubb & Son plc (including those who have delegated detailed supervision of this advertisement) have taken all reasonable care to ensure that the facts stated and opinions expressed herein are fair and accurate and each of the directors accepts responsibility accordingly.

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COMPAGNIE BANCAIRE
Société Anonyme
Incorporated in France with limited liability.
Regd. Office: 5 avenue Kléber, Paris 16ème.

Report by the Board of Management
First half of 1984

THE GROUP'S OPERATIONS
The Group's new business in the first half of 1984 amounted to 17,600 million francs. This figure represents, in the main, loans by credit companies in the Group and investments by leasing companies.

On 30th June, 1984 the total of loans outstanding amounted to 98,500 million francs.

(in thousand million francs)	1st half 1982	2nd half 1982	1st half 1983	2nd half 1983	1st half 1984
Credit granted and new business	14.0	15.9	16.4	17.5	17.6
Loans outstanding (end of period)	73.9	77.8	82.0	86.5	90.5

CONSOLIDATED PROFITS
Net consolidated operating profits attributable to the Compagnie Bancaire amounted to 254 million francs during the first half of 1984.

(in millions of francs)	1982	1983	1st half 1983	1st half 1984
Group pre-tax profits	1,372	1,612	811	860
Taxation	-634	-760	-372	-408
Outside shareholders' interest	-329	-359	-183	-198
Net consolidated operating profits attributable to the Compagnie Bancaire	409	493	256	254

The Group's share capital and reserves, including net profits for the first half of 1984, reached 6,797 million francs as at 30th June, 3,720 of which were attributable to the Compagnie Bancaire.

Note to the accounts:
The pre-tax operating profits of the Group's Companies are computed after appropriations to depreciation accounts and to provisions for future charges or recognised risks. They also include, where appropriate, appropriations to provisions of the nature of free reserves.
They do not include non-trading capital gains.

Rate of interest up to 13.5% pa for US\$ anonymous Deposits or Bonds

Bankhaus
Daghofer & Co.
A 5020 Salzburg, Griesgasse 11
phone 01043662/41 5 01 Serie

Aitken Hume Funds (Management) Limited

Notice to Unitholders of Aitken Hume Income & Growth Fund and Aitken Hume Secure Income Fund.
With effect from 15th October, 1984 Income & Growth Fund Units have been amalgamated with Secure Income Fund Units in accordance with the Scheme of Amalgamation approved by Unitholders on 17th September, 1984.
Every Income & Growth Fund Unit will be equal to 0.29441 p Secure Income Fund 'A' Units. Therefore, 1,000 Income & Growth Fund Units equals 294.41 p Secure Income Fund Units.

Aitken Hume Funds (Management) Limited
30 City Road, London EC1Y 2AU Tel: 01-481-6811.

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NEW YORK: Suite 2029/One World Trade Center/NY, NY 10048 Tel: 212/824-0700
CHICAGO: Suite 1900/2 N. LaSalle/Chicago, IL 60602 Tel: 312/236-4783

سكنا عن العالم

Coming of age for the perpetual floater, Page 38

SECTION III - INTERNATIONAL MARKETS FINANCIAL TIMES

Tuesday October 16 1984

NEW YORK STOCK EXCHANGE 28-30 AMERICAN STOCK EXCHANGE 29-30 U.S. OVER-THE-COUNTER 30, 38 WORLD STOCK MARKETS 30 LONDON STOCK EXCHANGE 31-33 UNIT TRUSTS 34-35 COMMODITIES 36 CURRENCIES 37 INTERNATIONAL CAPITAL MARKETS 38

WALL STREET Prime rate cut prompts swift rally

THE DECISION by Bankers Trust to cut its prime rate by 1/2 point was greeted by a sharp rise in stock prices on Wall Street which at mid-session pushed the Dow Jones industrial average convincingly through the 1,200 mark...

notes, to be followed by \$8.5bn in two-year notes on Wednesday. Bond prices opened lower, moved ahead after the prime rate cut by Bankers Trust, but later turned uncertain. This week brings the latest round of federal statistics on the progress of the U.S. economy...

Laboratories at \$40% gained \$1. Merck, \$% up at \$81%, and Bristol-Myers, \$% better at \$44%, also improved. Also prominent in the results league was TRW, \$1% higher at \$66% on a one third rise in earnings...

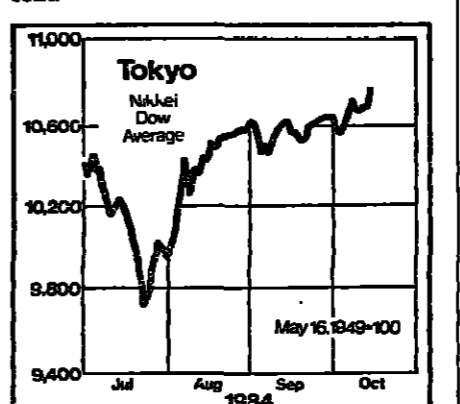
LONDON Currency pressures put aside

THE SCENT of cheap money was still sufficiently powerful in London yesterday to offset further bad news on the currency front. Investors in gilts were not dismayed by the dollar's strength and committed funds to both conventional and index-linked issues...

TOKYO High-tech side takes the lead

ENCOURAGED by the three consecutive rises on Wall Street last week, investors bought high-technology issues in Tokyo yesterday giving the market an unexpected boost...

Bond prices rose amid brisk small-lot buying by regional and mutual savings banks. The above-par 7.5 per cent government bonds maturing in January 1993 were sold, with the yield rising from last Friday's 7.055 per cent to 7.06 per cent...



EUROPE Amsterdam returns to records

RECORD heights began to be tested yesterday by the West German and Dutch bourses for the first time since the heady buying session of early February, on a further appreciation of the prospects for companies exporting to the U.S. and thus standing to benefit from the dollar's advance...

Boskalis rallied FI 1.20 to FI 12.70 as its reshaping continued. By contrast, the domestic bond market was dull and prices little changed amid expectations of a new bank issue, possibly today. Frankfurt buying interest, initially enthusiastic and including strong foreign demand, dwindled towards the close but left the FAZ index 0.95 better at 370.27...

Few other centres made much progress, however. Paris, which has already this month re-established itself at peak levels, extended a cautious retreat in uneventful business. Retailer La Redoute slipped FFr 30 to FFr 1,170 ahead of slightly better sales figures. Early Milan firmness fell sharply away, but the setback was not immediately attributed to the widening of a corruption investigation...

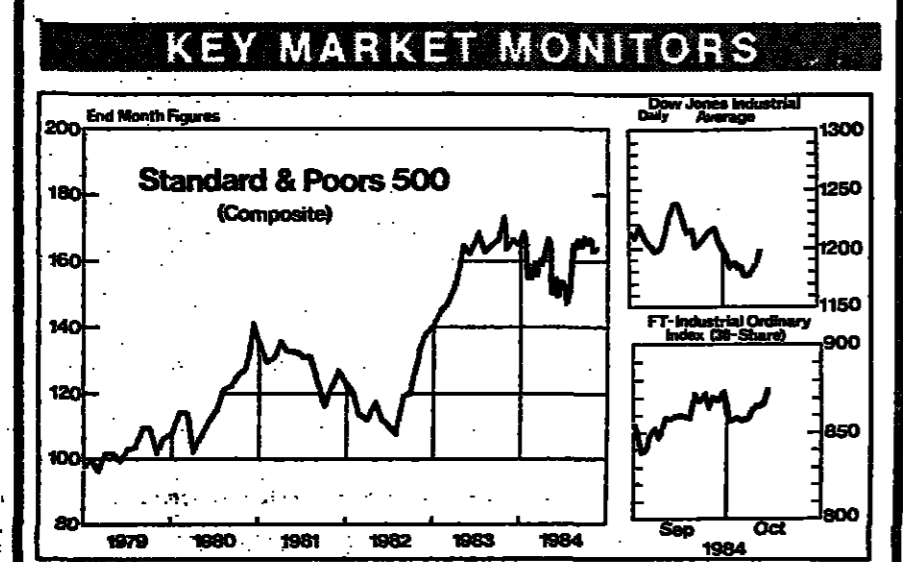


Table with columns for Stock Market Indices (New York, London, Tokyo, Australia, Austria, Belgium, Canada, Denmark, France, West Germany, Hong Kong, Italy, Netherlands, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, World) and Gold (per ounce) prices in London, Frankfurt, Zurich, Paris, Luxembourg, and New York.

Table with columns for Currencies (U.S. Dollar, Sterling, Euro-currencies, FT London Interbank fixing, U.S. Bonds, Financial Futures) and Commodities (Silver, Copper, Coffee, Oil) prices.

AUSTRALIA SUSTAINED buying of industrial and resource stocks pushed the Sydney All-Ordinaries index to a five-month high, closing 5 points up at 753.1.

A firmer tone on international exchanges gave the signal for a continuation of the buying support which developed last week. By the close of business rises outnumbered falls two to one. Golds were singled out among a firmer mining sector, and GMR added 16 cents to AS\$90...

HONG KONG FROM A QUIET opening, trading in Hong Kong gathered momentum to leave prices moderately higher.

Among the banks, East Asia rose 10 cents to HK\$19.70, Hang Seng 75 cents to HK\$35.50 and Hongkong and Shanghai 15 cents to HK\$6.75. Hongkong Land, which is considering selling its Excelsior Hotel, firmed 15 cents to HK\$3.125...

SINGAPORE THE EMERGENCE of buying and covering interest left Singapore higher in thin trading.

Fan Electric was again the most active stock and gained 12 cents to S\$3.42. Following it in volume were Tuan Sing, 7 cents higher at 80 cents, and Ben & Co, up 5 cents to S\$1.87.

SOUTH AFRICA A MODEST afternoon slowdown in Johannesburg saw gold shares close mixed in quiet trading.

Randfontein closed R2.25 higher at R20.90 after reaching R21.10, while St Helena eased 25 cents to R3.875. De Beers firmed 5 cents to R8.68, and Anglo American 20 cents to R32.40...

CANADA A FIRMER tone developed in Toronto, with transport, property and metal groups registering the best gains during more active trading.

Improvements on international bullion markets gave rise to strength among gold stocks, although price rises were slight. Montreal, too, showed widespread advances.

Advertisement for Bayerische Vereinsbank New York Branch, featuring the text 'Ten years ago Bayerische Vereinsbank AG of Munich, West Germany, converted its New York Representative Office into a full-service branch...' and signatures of Robert F. Cassidy, Peter O. Kille, and Siegfried Bouvier-Enté.

Closing prices, October 15

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table containing closing prices for various stocks, organized in columns with headers for 12 Month High/Low, Stock Name, Dividend, Yield, Price, and Change.

Kidder, Peabody International Limited. International Investment Bankers. An affiliate of Kidder, Peabody & Co. Incorporated. Founded 1865. New York • London • Paris • Geneva • Zurich • Hong Kong • Tokyo

Continued on Page 29

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, October 15

Table of American Stock Exchange Composite Closing Prices for October 15, 1984. Columns include stock symbols, prices, and volume. Includes a handwritten note at the top center: 'سكنا على التل'.

Continued on Page 30

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of New York Stock Exchange Composite Closing Prices for October 15, 1984. Columns include stock symbols, prices, and volume. Includes a 'Continued from Page 28' note on the left side.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual dividends based on the latest declaration.

WORLD STOCK MARKETS

AUSTRIA table with columns: Oct. 15, Price, +/-, Stock names like Creditanstalt, Gocler, etc.

GERMANY table with columns: Oct. 15, Price, +/-, Stock names like AEG-Telco, Allianz, Bayer, etc.

NETHERLANDS table with columns: Oct. 15, Price, +/-, Stock names like AEG Holding, AEGON, etc.

FRANCE table with columns: Oct. 15, Price, +/-, Stock names like Air Liquide, BIC, Bouygues, etc.

NOTES - Prices on this page are quoted on the individual exchanges and are suspended, ad ex dividend, ad ex scrip issue, etc.

CANADA table with columns: Sales, Stock, High, Low, Close, Change, Stock names like 3000 Abn Pro, 1000 Agri Ind, etc.

JAPAN (continued) table with columns: Oct. 15, Price, +/-, Stock names like Mitsubishi, Daiwa, etc.

ITALY table with columns: Oct. 15, Price, +/-, Stock names like Banca Com. Ital., IRI, etc.

SINGAPORE table with columns: Oct. 15, Price, +/-, Stock names like Boustead Hldgs., Cold Storage, etc.

SOUTH AFRICA table with columns: Oct. 15, Price, +/-, Stock names like Anglo Am Coal, Anglo Am Corp, etc.

AUSTRALIA table with columns: Oct. 15, Price, +/-, Stock names like ANZ Group, ANZ Aust, etc.

NORWAY table with columns: Oct. 15, Price, +/-, Stock names like Bergen's Bank, Harding James, etc.

SPAIN table with columns: Oct. 15, Price, +/-, Stock names like Banco Bilbao, Banco Central, etc.

SWEDEN table with columns: Oct. 15, Price, +/-, Stock names like AGA, ASEA, Atlas Copco, etc.

SWITZERLAND table with columns: Oct. 15, Price, +/-, Stock names like Alusuisse, Brown Boveri, etc.

AUSTRALIA table with columns: Oct. 15, Price, +/-, Stock names like ANZ Group, ANZ Aust, etc.

AUSTRALIA (continued) table with columns: Oct. 15, Price, +/-, Stock names like Cen Prop Trust, Hardie James, etc.

HONG KONG table with columns: Oct. 15, Price, +/-, Stock names like Bank East Asia, China Light, etc.

JAPAN table with columns: Oct. 15, Price, +/-, Stock names like Ajinomoto, Aiko Electric, etc.

MONTREAL table with columns: Closing prices October 11, Stock names like 10000 Bank Mont, 10000 Bell, etc.

OVER-THE-COUNTER table with columns: Stock, Sales, High, Low, Last, Change, Stock names like AEG, AEGON, etc.

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LONDON table with columns: Chief price changes, RISES, FALLS, Stock names like Tr. 2pc 1/8 90, etc.

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AMERICAN STOCK EXCHANGE CLOSING PRICES

Table with columns: 12 Month, High, Low, Stock, Div, Yld, % 100s, High, Low, Date, Change, Stock names like 2000 Abn Pro, 1000 Agri Ind, etc.

Advertisement for Danish companies with text: 'What's special about these Danish companies?' and list of companies like Aalborg, Aalborg Portland, etc.

Handwritten note at the bottom of the page.

Handwritten note: "Handwritten note at the top of the page, possibly a date or reference." (Note: The text is illegible due to handwriting.)

LONDON STOCK EXCHANGE

MARKET REPORT

RECENT ISSUES

Scent of cheaper money bolsters markets and annuls adverse effects of sickly pound

Account Dealing Dates

First Declared Last Account Dealing Date... Oct 1 Oct 11 Oct 12 Oct 22 Oct 23 Oct 25 Oct 26 Oct 27 Oct 28 Oct 29 Oct 30 Oct 31

The scent of cheaper money was still powerful enough yesterday in London stock markets to offset further bad news on the exchange rate front.

Continental currencies, including sterling, were the dollar strengthened on encouraging economic and inflation data over the weekend.

Gold-edged investors were not dismayed by the currency events and committed funds to both conventional and index-linked issues.

The authorities sold stock of the index-linked issues making available only yesterday to the market; supplies of the £100m tranche of Treasury 2 1/2 per cent 2005 were sold at 97 1/2, while part of the £200m tranche of Treasury 2 1/2 per cent 2015 went at 96 1/2.

Longer-dated conventional gilts rose and appeared to be set for further improvement, but earlier U.S. bond values later blunted buying enthusiasm.

Subsequently, gilt-edged stocks rose and appeared to be set for further improvement, but earlier U.S. bond values later blunted buying enthusiasm.

Industrial Ordinary share index rose to 241 1/2, while the FT 100 rose to 281 1/2. The FT 100 rose to 281 1/2, while the Industrial Ordinary share index rose to 241 1/2.

Composites rise An FT article highlighted the current optimism in UK money markets through impending VAT payments, made little impact on sentiment, while news of U.S. Prime lending rate reductions came too late to affect market sentiment.

Leading shares were influenced by Friday's Wall Street trend. The motor's rise more than outweighed a slightly less optimistic reading of the UK money market.

Buyers were again very selective in their approach and a further rise of 5.8 to 88.8 in the FT Composite rise.

FT ACTUARIES SHARE INDICES These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Mon Oct 15 1984, Fri Oct 12, Thu Oct 11, Wed Oct 10, Tue Oct 9, Year ago (approx).

Table with columns: FIXED INTEREST, AVERAGE GROSS REDEMPTION YIELDS, PRICE INDICES, BRITISH GOVERNMENT INDEX-LINKED STOCKS.

adverse effects of sickly pound

FINANCIAL TIMES STOCK INDICES

Table with columns: Government Secs., Fixed Interest, Industrial Ord., Gold Mines, etc., and rows for Oct 15, Oct 12, Oct 11, Oct 10, Oct 9, Oct 8, Year ago.

10 am 877.8, 11 am 878.5, Noon 880.4, 1 pm 878.2, 2 pm 878.5, 3 pm 880.4, Gold Mines 12/9/85, SE Activity 1974, Latest Index 01-296 8025, Nil-10.05.

HIGHS AND LOWS S.E. ACTIVITY

Table with columns: High, Low, Daily Gilt Edged, etc., for various stock categories.

Government securities rose to 80.70, while fixed interest fell to 84.58. Industrial ordinary shares rose to 241 1/2.

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rose the same amount to 78p. Viteon, on the other hand, still unsettled by a broker's downgraded profit forecast, slumped 23 further to 24p.

Activity in Motors was not totally confined to Lucas Industries. Investors showed interest elsewhere in a sector.

RTZ advance Mining markets were highlighted by exceptional strength in Rio Tinto-Zinc which advanced 15 to 61 1/2p.

DRG proved to be one of the day's more volatile counters, closing a 1/2p in early trading following "take-profits" advice.

Properties continued to feature possible takeover candidates and residential property developers.

Among Foods, buyers returned for current takeover favourite Rowntree Macintosh which moved up to 194 1/2p.

Leading Electricals made a quiet start to the Account. Thera EMU led the way with a gain of 8 to 43 1/2p.

Pentland improve Pentland returned to favour in miscellaneous industrials as bid hopes revived and the close was 14 better at 250p.

Oil's lose ground Quietly firm for much of the day, leading Oils came under selling pressure in the late afternoon.

EUROPEAN OPTIONS EXCHANGE Series Vol. Nov. Last Vol. Feb. Last Vol. May Last Stock

ABN C F.800 1 0.50 171 9.20 Apr. F.854

AGN C F.850 1 0.50 170 7.11 Apr. F.854

AGN P F.850 1 0.50 170 7.11 Apr. F.854

AGN D F.850 1 0.50 170 7.11 Apr. F.854

issue, finished 12 lower at 33 1/2p. Barmah Oil advanced 20p, amid persistent bid speculation.

Irish exploration issues tumbled from the outset on news that Eglinton's latest well in Colombia has been abandoned.

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AGN D F.850 1 0.50 170 7.11 Apr. F.854

EQUITIES

Table with columns: Issue price, 1984 High Low, Stock, etc., listing various equities.

FIXED INTEREST STOCKS

Table with columns: Issue price, 1984 High Low, Stock, etc., listing fixed interest stocks.

"RIGHTS" OFFERS

Table with columns: Issue price, 1984 High Low, Stock, etc., listing rights offers.

FRIDAY'S ACTIVE STOCKS

Table with columns: Stock, No. of shares, Fr. change, Day's change, listing active stocks.

RISES AND FALLS YESTERDAY

Table with columns: Stock, Rise/Fall, listing rises and falls yesterday.

LONDON TRADED OPTIONS

Table with columns: Option, Oct, Nov, Dec, Jan, Feb, Mar, Apr, listing London traded options.

Table with columns: 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yld, P/E. Lists various hotel stocks like A&A, AGA, and others.

INDUSTRIALS (Miscel.)

Large table listing various industrial stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yld, P/E. Includes companies like A&A, AGA, and others.

ENGINEERING—Continued

Table listing engineering stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yld, P/E. Includes companies like A&A, AGA, and others.

DRAPERY & STORES—Cont.

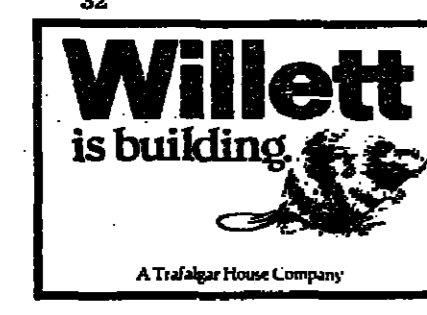
Table listing drapery and stores stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yld, P/E. Includes companies like A&A, AGA, and others.

BEERS, WINES—Cont.

Table listing beer and wine stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yld, P/E. Includes companies like A&A, AGA, and others.

AMERICANS

Table listing American stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yld, P/E. Includes companies like A&A, AGA, and others.



BRITISH FUNDS

Table listing British funds with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yld, P/E. Includes various fund names and their performance.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

Table listing international bank and overseas government sterling issues with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yld, P/E.

CORPORATION LOANS

Table listing corporation loans with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yld, P/E.

COMMONWEALTH AND AFRICAN LOANS

Table listing commonwealth and African loans with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yld, P/E.

LOANS Building Societies

Table listing loans from building societies with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yld, P/E.

Public Bond and Ind.

Table listing public bond and industrial stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yld, P/E.

Financial

Table listing financial stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yld, P/E.

BANKS, HP & LEASING

Table listing banks, hire purchase, and leasing stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yld, P/E.

Hire Purchase, Leasing, etc.

Table listing hire purchase, leasing, and other services with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yld, P/E.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yld, P/E.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yld, P/E.

DRAPERY AND STORES

Table listing drapery and stores stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yld, P/E.

ENGINEERING

Table listing engineering stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yld, P/E.

FOOD, GROCERIES, ETC

Table listing food, grocery, and other stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yld, P/E.

HOTELS AND CATERERS

Table listing hotel and catering stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yld, P/E.

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INDUSTRIALS—Continued

Table of industrial stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

LEISURE—Continued

Table of leisure stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

PROPERTY—Continued

Table of property stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

OIL AND GAS—Continued

Table of oil and gas stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

NOMURA INTERNATIONAL LIMITED NEW-ERA INVESTMENT AND UNDERWRITING OFFICES WORLDWIDE 3 Gracechurch Street EC3V 6AD Telephone (01) 283 8811

MINES—Continued

Table of mining stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

MOTORS AND CYCLES

Table of motor and cycle stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

COMMERCIAL VEHICLES

Table of commercial vehicle stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

COMPONENTS

Table of component stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

SHIPPING

Table of shipping stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

Australians

Table of Australian stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

SOUTH AFRICANS

Table of South African stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

TEXTILES

Table of textile stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

PLANTATIONS

Table of plantation stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

Miscellaneous

Table of miscellaneous stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

PROPERTY

Table of property stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

INSURANCES

Table of insurance stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

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City of Westminster Assurance, General Portfolio Life, PLC

Table listing various insurance policies and their details, including policy numbers and terms.

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FT UNIT TRUST INFORMATION SERVICE

Table listing unit trusts such as British Group, Allied Funds, and others, with their respective performance metrics.

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AUTHORISED UNIT TRUSTS

Table listing authorized unit trusts such as British Group, Allied Funds, and others, with their respective performance metrics.

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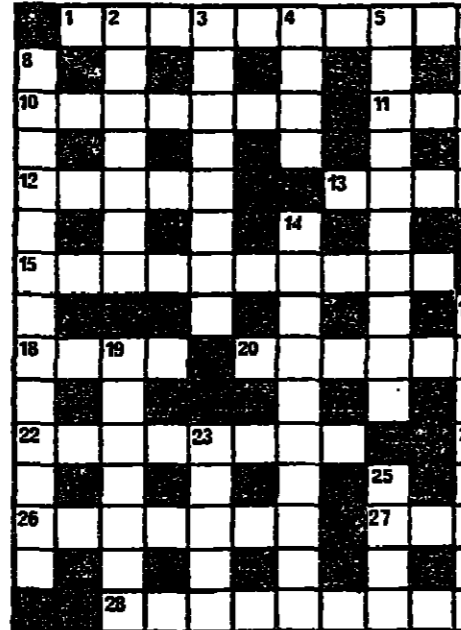
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F.T. CROSSWORD PUZZLE No. 5,544

- ACROSS
1 Patience does not permit this frank exchange (5-2)
10 To carry out terms, administrator drops four (7)
11 In the forest, they are ruder about end of June (3-4)
12 Some extra dealing in commerce (5)
13 What bores the cabinet? (8)
14 Sort of technology used to vote Reagan in charge (10)
15 Advertise fixture in Bath (4)
16 Absorbent snow? (4)
17 Shadowy people in contracted work-site (10)
18 His paper unwrapped to show gemstone (8)
19 Factory flag, for example (5)
20 Ancient city giving wild sheep to us (7)
21 Sliding scale Irish leaders never employed (7)
22 For all the cops in disguise? (5-7)
DOWN
2 Rise at eleven, almost-muzzy? (7)
3 Russian end-game? (8)
4 Huntsmen returning empty (4)
5 Most of chord-construction I study for this strange instrument (10)
6 Helped one dead-beat? (5)
7 Football official in work is in clover (7)
8 Lightest of brushes carried by daily (7-6)
9 Early cruet-makers having origins, pro tem, disguised (13)
14 M. . . no prosaic sort of such an evaluation (10)
17 Make despondent and weaken the concentration? (8)
19 Uncle's premises used for Dad's dance (3-4)
21 Fancy having statue about, at home? (7)
23 A prophet and a shoe-repairer (5)
25 Paradoxical, scene of straight drives and square cuts (4)



Solution to Puzzle No. 5,544
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INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and financial products, including Liberty Life Assurance Co Ltd, Life Assn. Co. of Pennsylvania, and others, with columns for company name, address, and contact information.

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Table listing overseas investment and insurance services, including Cal Investments (UK) Ltd, Grady Investment Management Ltd, and others, with columns for company name, address, and contact information.

Table listing money market and trust funds, including Money Market Trust Funds, Money Market Bank Accounts, and Money Market Trust Funds, with columns for fund name, manager, and contact information.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas investment services, including Emerald Management Ltd, Emerald Holdings Ltd, and others, with columns for company name, address, and contact information.

Table listing money market and trust funds, including Money Market Trust Funds, Money Market Bank Accounts, and Money Market Trust Funds, with columns for fund name, manager, and contact information.

COMMODITIES AND AGRICULTURE

London tin prices move up strongly

TIN PRICES on the London Metal Exchange moved up strongly yesterday wiping out the fall which trimmed values late last week. The cash standard tin price, which in spite of a £123.50 fall over Thursday and Friday, ended last week £170 up, gained another £172.50 yesterday to finish at £342.50 a tonne.

LONDON METAL EXCHANGE WAREHOUSE STOCKS table with columns for metal, price, and change.

Calcutta tea prices rising

TEA PRICES are rising again in Calcutta, India's biggest tea auction centre, which acts as a barometer for tea price trends all over the country.

Egypt and Australia in 10m tonne wheat deal

AUSTRALIA and Egypt have concluded a wheat agreement under which Australia will supply 10m tonnes of wheat over the next five years.

Andrew Gowers on discontent with the Milk Marketing Board Dairymen stand up to Big Brother

YOU CAN almost hear the sabres rattling in Britain's dairy industry these days. The trade, comprising companies ranging from small local co-operatives to large manufacturers and distributors such as Unigate and Express, is spoiling for a fight.

EEC dismisses milk price forecast as premature

REPORTS that European Commission officials will recommend a dairy price rise next year of 5 per cent - in spite of the continuing dairy surplus production in the European Community - were dismissed in Brussels yesterday as premature.

PRICE CHANGES

PRICE CHANGES table with columns for item, price, and change.

BRITISH COMMODITY PRICES

BRITISH COMMODITY PRICES table with columns for item, price, and change.

LONDON OIL SPOT PRICES

LONDON OIL SPOT PRICES table with columns for oil type, price, and change.

GAS OIL FUTURES

GAS OIL FUTURES table with columns for month, price, and change.

AMERICAN MARKETS

AMERICAN MARKETS table with columns for item, price, and change.

GOLD MARKETS

Gold fell \$3 an ounce from Friday's close in the London bullion market yesterday to £338.19 in the morning and opened at \$338.339 and traded between a high of \$339.339 and a low of \$337.339.

LONDON FUTURES

LONDON FUTURES table with columns for month, price, and change.

MEAT/FISH

MEAT/FISH table with columns for item, price, and change.

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MEAT/FISH table with columns for item, price, and change.

GRAINS

GRAINS table with columns for item, price, and change.

INDICES

INDICES table with columns for index name, value, and change.

Russian sugar beet harvest 'too slow'

SOVIET COMMUNIST PARTY daily newspaper, Pravda, criticised sugar beet harvest in the Ukraine, Belarussia and Kazakhstan for taking too long over this year's harvest.

FLORIDA'S Department of Agriculture said a mite that kills immature honeybees has been found in the state.

FLORIDA'S Department of Agriculture said a mite that kills immature honeybees has been found in the state, threatening the \$15m (£10.7m) honey industry.

INDIA will import a record 6m tonnes of fertiliser in the year ending March 31, 1985.

INDIA will import a record 6m tonnes of fertiliser in the year ending March 31, 1985, up from 5.7m last year and a high of 2.6m in 1980/81, a government spokesman said.

GHANA'S Cocoa Marketing Board said final purchases for the 1984 mid-crop totalled 5,216 tonnes.

GHANA'S Cocoa Marketing Board said final purchases for the 1984 mid-crop totalled 5,216 tonnes, compared with 1,888 tonnes last year.

U.S. roasting of green coffee in the week ending October 6 were about 375,000 (80-40) bags.

NEW YORK table with columns for item, price, and change.

CHICAGO

CHICAGO table with columns for item, price, and change.

SOYBEAN MEAL

SOYBEAN MEAL table with columns for item, price, and change.

WHEAT

WHEAT table with columns for item, price, and change.

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar at record highs

The dollar moved to record closing high against several major currencies yesterday in a manner showing a strict contrast to the disorderly surge experienced last month when the dollar's rapid rise to record trading levels prompted a reactive central bank intervention. Trading yesterday was much more civilised and tended to reflect the dollar's underlying strength.

Demand for the U.S. unit followed Friday's U.S. economic statistics which showed a fall in wholesale prices, indicating reduced inflationary pressure, and a rise in U.S. retail sales which suggested further economic growth. This most favourable combination and the steady manner in which the dollar reached record closing levels, reduced market fears of further central bank intervention. Given the dollar's strong fundamental base, the use of central bank reserves is only likely to act as a brake rather than a steering wheel.

The dollar rose to an 114 year closing high against the DM at DM 3.1410 from DM 3.1060. Last month it touched a trading level of DM 3.1785 but finished below DM 3.10 at the close that day. Elsewhere it rose to SwF 2.5778 from SwF 2.5540, its best closing level for 71 years and Y249.0 from Y247.70, its best closing level since December 1952. It finished at a record close of FFR 9.5325 from FFR 9.5300 and LI 934 compared with LI 934. On Bank of England figures, the dollar's index finished at its best level ever of 144.32 from 143.64 on Friday. News of a fall in some U.S. prime rates to 12 1/2 per cent appeared to have little effect.

STERLING—Trading range against the dollar in 1984 is 1.4995 to 1.2692. September average 1.2582. Trade weighted index 75.9 from 75.9 six months ago.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit Rates for various currencies including Belgium, Denmark, Germany, Greece, Ireland, Italy, Netherlands, Portugal, Spain, France, Sweden, Switzerland, and Austria.

FINANCIAL FUTURES

Prices weak

Prices tended to weaken on the London International Financial Futures Exchange yesterday. Long-term bills for December delivery opened at 107.05, compared with 107.14, but improved to 107.15 by the close. There was no further upward drive however, as the market remained concerned about the low level of sterling against the dollar, and about the lack of progress in the talks aimed at ending the pit dispute. The December contract fell to a low of 106.21, and closed only slightly firmer at 106.26.

Table showing LONDON EURO DOLLAR and STERLING prices for various terms and currencies.

Table showing CHICAGO U.S. TREASURY BONDS and DEUTSCHE MARKS prices.

POUND SPOT—FORWARD AGAINST POUND

Table showing Pound Spot and Forward rates against the Pound for various currencies.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Table showing Dollar Spot and Forward rates against the Dollar for various currencies.

OTHER CURRENCIES

Table showing other currency rates for currencies like Argentina, Australia, Brazil, Canada, etc.

CURRENCY MOVEMENTS

Table showing currency movements for various currencies.

CURRENCY RATES

Table showing currency rates for various currencies.

EXCHANGE CROSS RATES

Table showing exchange cross rates for various currencies.

EURO-CURRENCY INTEREST RATES

Table showing Euro-currency interest rates for various currencies.

MONEY MARKETS

Table showing money market rates for various currencies.

FT LONDON INTERBANK FIXING

Table showing FT London interbank fixing rates for various currencies.

LONDON MONEY RATES

Table showing London money rates for various currencies.

MONEY RATES

Table showing money rates for various currencies.

NEW YORK (Lunchtime)

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ECGD Fixed Rate Export Finance Scheme

ECGD Fixed Rate Export Finance Scheme (IV): Average Rate of interest period September 5 to October 2 1984 (inclusive): 10.90 per cent. Local authorities and finance houses seven days notice, others seven days' used. Finance Houses Rate (published by the Finance House Association): 11 per cent from October 1 1984. London and Scottish Clearing Bank Rates for London 10 per cent. London Deposit Rates for sums at seven days' notice 7 1/2 per cent. Treasury Bills: Average under 100,000 and over 100,000 per cent one month 10 1/2 per cent; three months 10 per cent; six months 10 per cent; one year 10 1/2 per cent. Under 100,000 per cent one month 10 1/2 per cent; three months 10 per cent; six months 10 per cent; one year 10 1/2 per cent. The rates for all deposits withdrawn for cash 7 per cent.

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YOUR COMPANY IMAGE



Promotional Gifts Manhattan-Windsor. Send this advertisement attached to your company letterhead for a free design incorporating your logo.

Company Notices

NOTICE OF RATE OF INTEREST CREDIT FONCIER DE FRANCE. Guaranteed Floating Rate Notes due 1988. In accordance with the provisions of the Interest Determination Agency Agreement between Credit Foncier de France and National Bank of Abu Dhabi, Paris Branch, dated as of 18th September, 1981, notice is hereby given that the Rate of Interest has been fixed at 11 1/2 per cent per annum, and that the Coupon Amount payable on April 16, 1985, against Coupon No. 7 will be US\$255.63 and that such amount has been computed on the actual number of days elapsed (182) divided by 360.

GOLD FIELDS GROUP

VLAKFONTEIN GOLD MINING COMPANY LIMITED (Incorporated in the Republic of South Africa). REDUCTION OF CAPITAL. At the annual general meeting of members held on 12 October 1984, a special resolution was passed reducing the authorised and issued capital of the company from 50 cents per share to 35 cents per share. Application is being made to the Supreme Court of South Africa (Transvaal Local Division) for confirmation of the reduction of capital. Members will be informed by circular in due course of the outcome of the application.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on October 15, 1984. In some cases the rate is a nominal market rate as the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Large table showing World Value of the Pound with columns for Country, Currency, and Value of £ Sterling.

* Rate is the transfer market (controlled). † Now one official rate. ‡ Based on gross rates against Russian rouble. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (3) Preferential rate for public sector debt and essential imports. (4) Preferential rate for luxury imports. (5) Essential goods. (6) Essential goods. (7) Essential goods. (8) Essential goods. (9) Essential goods. (10) Rate for exports. (11) Parity rate. (12) Rate for imports. (13) Essential imports. (14) Non-essential imports. (15) Nearly all business transactions.

INTERNATIONAL CAPITAL MARKETS

Standard Chartered issues FRN

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON
STANDARD CHARTERED yesterday became the third British bank to launch an updated Eurobond with the issue of a "perpetual" floating rate note whose amount was immediately increased to \$300m from \$250m.

Algeria considers \$500m credit

ALGERIA is sounding out the Euro-market for a \$500m credit for its state-owned bank Credit Populaire, our Euro-market Correspondent writes.
Although a formal mandate for the deal is still believed to be some weeks away, the sounding process has already attracted considerable attention in the banking community.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for October 15.
Table with columns: Country, Issue Name, Maturity, Coupon, Yield, Price, Change.

Switzerland withdraws bond issue

THE SWISS Government has been forced to withdraw a SwFr 250m bond issue planned for later this month as a result of the unsettled condition of the market, John Wicks writes from Zurich.
This is the first time in five years that a state bond has been cancelled. The Swiss Government switched in 1979 to a tender system of bond auction.

Banks issue perpetual floaters in effort to boost capital base

THE PERPETUAL floater might be said to have come of age last week as a means of raising capital on the international markets. There were two issues, \$600m by Barclays Bank and \$150m by Dan. norske Creditbank, and both were increased in size to meet popular demand.
Standard Chartered followed suit yesterday with a \$300m issue, immediately increased to \$300m. This brings to seven the number of perpetual floaters since the first last April by National Westminster Bank with \$300m, to be followed during the summer by Sweden (\$750m), Belgium (\$300m) and Denmark (\$600m).

The decision follows several weeks of uncertainty for the Swiss franc and a general hardening of short-term interest rates in Switzerland. Bond market coupons have been edging higher.
The loan has been cancelled because of the "instability of the market" according to the Finance Ministry in Bern. There is considerable uncertainty over prospects for Swiss interest rates, not least in the field of the banks' Kassenobligationen - medium-term over-the-counter bonds.

There is, however, a cost attached to perpetual floaters. Earlier this year, Barclays made a 20-year bond issue at 1/4 point over the mean of the London interbank offered and bid rates, but the spread on their perpetual was 1/2 point, quite a large difference in the margin-conscious Euromarkets. Barclays clearly thinks it worth the extra expense. Mr Anthony Stranger-Jones of Barclays Merchant Bank, which did the deal, said it adds "an extra layer of strength" to the balance sheet which reassures depositors and removes a funding worry from the group treasurer.

That follows the highly successful \$800m loan raised jointly last year by Banque Nationale d'Algerie and Banque Extérieure d'Algerie, which was increased from an initial \$700m. That loan bore a margin of 1/2 point, rising to 3/4 point for the next two.
Since then, margins in the Euro-market have dropped across the board, but although bankers say there is evidence of strong appetite for Algerian paper, especially from Japanese banks, there is some uncertainty as to how the market would receive an Algerian credit with a margin of only 1/4 point.

Arabs banks, which would normally be expected to play a fairly large role in an Algerian syndication, might avoid taking part in such a deal, bankers believe.
Citicorp and Mitsubishi Bank are now going ahead with their \$170m deal for the Spanish state-holding company DVI, proceeds of which are to be used to finance two subsidiaries: Astilleros Espanoles and Babcock & Wilcox Espanola.
The deal is divided into two tranches of Pta 14bn and \$85m. Citibank Espanola will be agent on the seven-year peseta tranche, which will bear interest at a margin of 1/4 point over the Madrid interbank offered rate or the one-year Spanish preferential (prime) lending rate. That portion also carries an option for interest to be charged at the three-year preferential rate with no margin, and repayments begin after a four-year grace period.

Mitsubishi Bank will be agent for the \$85m portion, which has a 10-year maturity and a six-year grace period. The interest margins have been set at 1/4 point over Libor for the first five years, rising to 1/2 point thereafter.
Syndication of the deal is expected to begin this week. Spanish borrowers have been turning their attention increasingly to peseta syndications recently and bankers said yesterday one reason why the INI deal bears a peseta tranche is to minimise the withholding tax obligations on foreign currency borrowing by Spanish entities.

OVER-THE-COUNTER

Table of over-the-counter market data including sections for Continued from Page 30, N-N, O-O, and various stock listings with columns for Stock, Sales, High, Low, Last, and Change.

NEW YORK

Table of New York market data including sections for NEW YORK DOW JONES, STANDARDS AND POORS, NEW YORK ACTIVE STOCKS, and various stock listings with columns for Stock, Sales, High, Low, Last, and Change.

Indices

Table of various international indices including AUSTRIA, BELGIUM, DENMARK, FRANCE, GERMANY, HONG KONG, ITALY, JAPAN, NETHERLANDS, NORWAY, SINGAPORE, SOUTH AFRICA, SPAIN, SWEDEN, SWITZERLAND, and WORLD CAPITAL with columns for Index Name, Oct 15, Oct 12, Oct 11, Oct 10, High, and Low.

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SECTION IV
FINANCIAL TIMES SURVEY

Tuesday October 16 1984

Motor Industry

Market changes as U.S. sales recover

By Kenneth Gooding
 Motor Industry Correspondent

THE U.S. MARKET has become the honey pot for the world's car manufacturers. The Europeans are dipping in greedily while there are far profits to be made from selling vehicles for highly-valued dollars.

By the end of last month West German vehicle exports to the U.S. were running at more than double the 1983 level and the German producers are likely to export around 100,000 more vehicles—mainly cars—in 1984 than the 278,000 shipped out last year.

The Japanese, embroiled in a bitter price war at home and finding the going much harder in Western Europe since the yen strengthened, face import restrictions in the States but have a great deal of previous experience in the art of maximising profits by moving up-market and by careful pricing when the volume of their sales is constrained.

Buoyant market

As for the U.S. manufacturers, they are making the most of buoyant home demand after several lean years. But the slimmed-down, streamlined American companies have no intention of allowing themselves to grow fat and sluggish and slow-to-react again.

Nissan's executive vice-president, Mr Yoshitada Uchiyama, admitted recently that his company's profits from sales in Japan "are not what they should be. We need to make more there." Of Nissan's earnings from sales in Europe he said: "They are not as good as in the past. But profits in the U.S.

were "very satisfactory." He also explained why a price war had developed in Japan. "We are trying hard to catch up with Toyota. In the past Toyota was 7 per cent or 8 per cent ahead of Nissan in the market, now the gap is 10 per cent. We want to recover our share. By introducing new models, by strengthening our dealers we will meet that target."

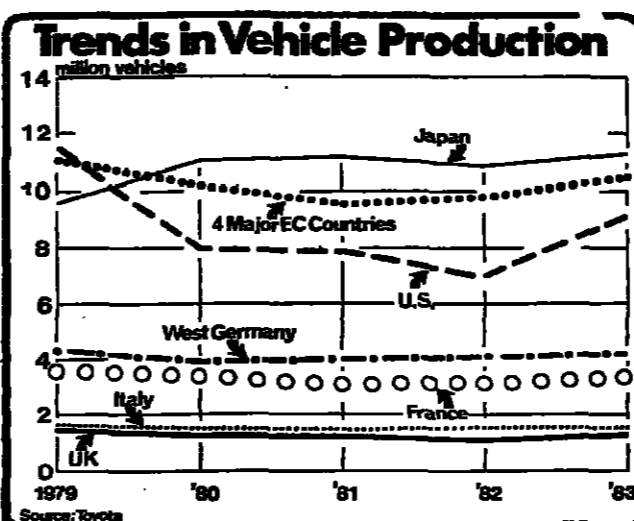
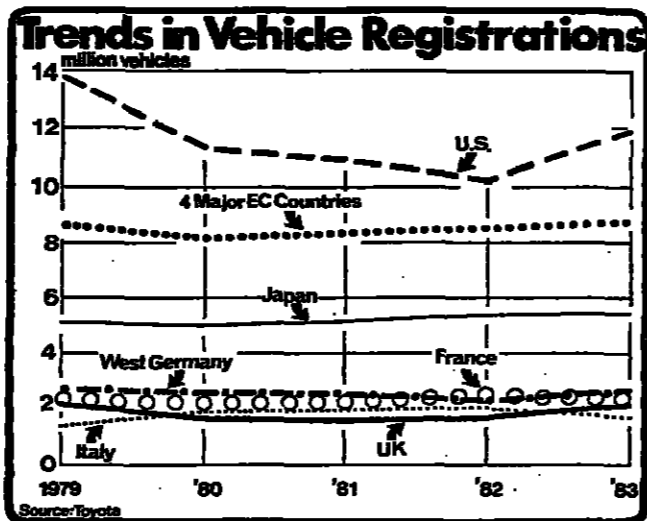
According to Mr Uchiyama, the rapid financial recovery of the U.S. manufacturers in the past year or so has proved that the American industry is still the world's strongest. He pointed out that, if the forecasts proved right and General Motors—the world's largest automotive group—achieved a \$60m net profit this year, it would earn more than the entire Japanese industry.

"If the U.S. companies can continue to combine excellent management, further automation and the very reasonable relationship they have with their workforce, they can match Japanese cars quality and considerably close the gap between Japanese and American costs," he asserted.

Mr Uchiyama's compliments are to some extent politically inspired. Like the rest of the Japanese groups, Nissan wants the U.S. government to end the restrictions on car shipments from Japan to the States which in the year to next April will limit them to 1.85m compared with 1.68m for the previous 12 months.

If the restraints were removed—and that is by no means certain in spite of the renewed vitality of the U.S. industry—in theory the Japanese could make hay and boost their car sales volume substantially.

However, Mr Uchiyama is not alone when "personally speaking," he feels there is an



The buoyant U.S. market is providing a highly profitable outlet for European and Japanese car makers. Moves to cut down on exhaust emissions—led so far in Europe by the German government—are a big worry, however.

upper limit to the market share Japanese cars can reach in the U.S. He estimates that share is around 20 per cent compared with the 18 per cent the Japanese currently hold.

Nissan is now committed to alleviating trade friction by manufacturing where we sell, especially in our larger markets so that we can contribute to the local economy, industry and employment," he insisted—expressing a philosophy which General Motors and Ford have attempted to put into effect for the best part of 60 years.

That said, it seems that Nissan is still intent on increasing its sales in Western Europe at a pace which will win it market share. Nissan hopes to push up car sales in the area by about 5 per cent a year when the best estimates suggest total

demand will rise by only 1½ per cent to 2 per cent annually. And even that might turn out to be optimistic if Europe switches quickly to the U.S. system of controlling harmful emissions from cars—a possibility which the French and Italians find particularly worrying.

In West Germany, millions of Black Forest trees are withering, dying or dead. It has not been proven conclusively that car exhaust fumes are in any way responsible but, faced with the need to appear to be doing something (and by the sudden rise in support for the Greens, the pro-environment party which is now attracting over 8 per cent of the votes at German elections) the West German government intends to take action.

Various methods will be used to encourage buyers to purchase

cars which use American-style catalytic converters—or "cats"—to eliminate some of the emissions.

"Cats" are quickly poisoned by lead and if the German scheme is to work, unleaded fuel must be made widely available—and not just in Germany. The Germans are voracious tourists and often take their cars with them.

The German government says it intends to act by 1989 (two years earlier for cars with engines of over 2 litres capacity) whereas the EEC's proposals for emission controls—but not necessarily using catalysis—are not due to come into effect until 1991.

As you would expect with such a rush of proposed regulations there have been plenty of tests through the European in-

dustry. The German manufacturers have given up overt opposition to the idea of U.S.-style emission controls but are deeply disturbed by the prospect that large cars might be affected first.

Starting point

They want any changes to be introduced for all cars at the same time—and Daimler-Benz has hinted that it probably would not be legal for the German government to take any other course of action.

The rest of Europe's car makers agree that the starting point should be the same for everyone but they also want Germany to wait for the EEC to work out a common set of regulations for the whole community. More time should be given to see if a better method

can be found than in the U.S. where the "cats" have proved to be far from perfect. (One-third of those tested recently after being in operation for six months proved to be below standard.)

The "cats" will not only eliminate the considerable fuel economy improvements achieved over the past five years by the European car makers but possibly rule out still bigger gains now in the pipeline, say the British, Italian, French and German manufacturers with one voice.

The European car-makers—although currently preoccupied with their own, particular short-term problems—all agree that there is an urgent need for margins of profit to return to better levels.

"Our number one priority is to make a profit in all the markets in which we sell our cars," said Mr Carl Hahn, chairman of Volkswagen-Audi, at the recent Paris Motor Show. This sentiment was echoed by M Bernard Hanon, Renault's president. "Our prime task is to make a profit," he said.

According to Ford's calculations, the European industry made a combined loss of \$2.1bn between 1978 and 1981. In the last two years another \$1.2bn had been lost and overcapacity in car manufacturing in Europe had now reached 20 per cent, or conservatively 2.5m cars a year.

Mr Bob Lutz, who returned in June for a second term as chairman of Ford of Europe, explains how this has happened. He says that Japanese makers have taken 1m car sales in Europe from the domestic producers and have also eliminated about 1.6m of European exports by moving into what were markets dominated by European products. (European car exports since the early 1970s have fallen from 3m to 1.3m.)

At the same time, the producers in Europe have added capacity, partly by increasing productivity at existing plants, but also by building new plants. The overcapacity has resulted in "jungle warfare" in Europe. "Price competition has become much more vicious in the past two years," Mr Lutz maintains.

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But, he stresses, the European industry must be able to earn enough to keep up its investment in technology. For it is technology which has maintained Europe's place in a world where the Americans have a huge domestic car market to rely on and the Japanese have major production cost advantages.

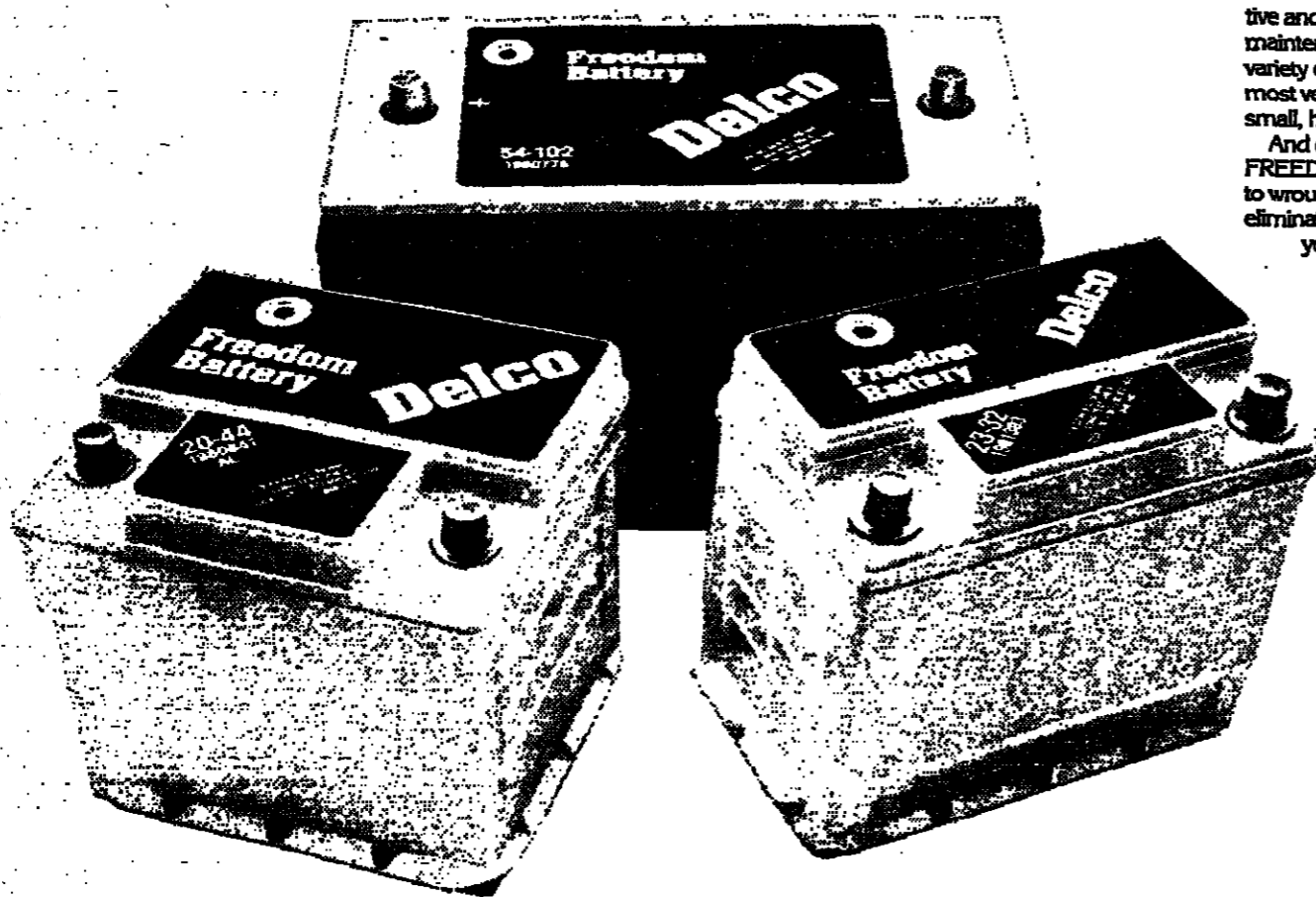
Mr Lutz returned to Ford of Europe following a major upheaval this year involving the sudden retirement of former chairman Mr Ed Blanch and, later, the departure after an internal row, of president Mr Jim Capolongo.

Ford is not the only company where the marketplace pressures have led to executive casualties. At the Peugeot group, former banker M Jacques Calvet emerged as the new president following a boardroom battle which saw the departure of Jean Paul Parayre, president since 1975.

Ford has recognised the troubles it faces in Europe—and the fact that its operations there represent as big a part of the world-wide total as those in the U.S.—by sending back Mr Lutz, a main board member who reports directly to Mr Don

CONTINUED ON NEXT PAGE

A great start for any design.



There's a Delco Freedom Battery for you.

Now Delco Remy can offer Europe's automotive and truck designers an extended line of maintenance-free Freedom Batteries. With a variety of sizes and performances to match most vehicle applications from big diesels to small, high-performance compact cars.

And each battery has the big advantage of FREEDOM. Freedom from maintenance due to wrought lead calcium grids that practically eliminate gassing and water loss. That means you never have to add water. What's more, every Freedom Battery is built with a sealed top to prevent internal damage and contamination.

Tough, versatile automotive batteries.

Delco Remy can deliver the performance plus the flexibility you need to make your design work.

That's because Freedom Batteries come in a variety of efficient sizes that can help you trim weight and save space and fuel. Each model is also available with terminal configurations to meet your specific application requirements.

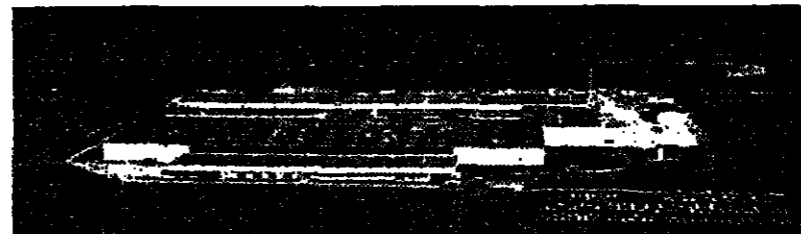
Heavy-duty truck batteries.

Whether you need an all-around battery for trucks and buses in commercial service or extra cranking power for big diesels and cold starts, Delco Remy has a heavy-duty Freedom Battery to do it. Plus cycling models with ready reserves of standby power for extended idling uses.

Best of all, Freedom Batteries are built in Europe, for the vehicles of Europe, and for the special needs of Europe's automotive designers.

Freedom Batteries from Delco Remy. You couldn't ask for a better start for your next design.

Delco Remy, Division of General Motors, Milton Keynes, England; Russelsheim, W. Germany; Gennevilliers, France; Milan, Italy. World Headquarters—Anderson, Indiana, U.S.A.



Our factory in Sarreguemines, France, is the world's newest and most modern automotive battery facility.

A world leader in automotive electrical systems.



Sixth sense and plastic panels in car for the 1990s

THERE IS something of a consensus within the motor industry that from about 1990 onwards the average car will be assembled from plastic panels glued to a lightweight metal or alloy frame.

Plastic components, we are told, will also play a significant role in the new engines and transmissions to be introduced in the next decade.

An essential element in this car of the future will be a microcomputer to "manage" the engine and transmission, making sure every split second that both are in perfect harmony so as to maximise road performance while minimising fuel consumption.

And these are the keys to all the efforts being made to transform the car of today—the industry is determined to reduce dramatically the car's dependence on fossil fuel.

But there are a variety of other requirements made of the car: a high degree of vehicle safety, low noise and exhaust emissions, good value for money, a high degree of mobility and reliability, good protection against corrosion and low purchase prices, are just a few of the technical challenges the industry must face.

New technology

Toyota predicts, for example, that sensors and actuators built into a system that duplicates the driver's five senses—and maybe even his sixth sense—will make the car respond accordingly are certain to be developed in the not-too-distant future.

Sensors may well be able to detect oncoming danger, ocean road and highway conditions in the immediate area, and trigger emergency stops, "J" turns, spin turns and other domestic measures to ensure the safety of car passengers," Toyota suggests.

Systems are also being developed to provide the car with much more two-way communication with the world around it. New technology will give car passengers full and complete access to all available data and information rather than the present situation where the information is unidirectional via radio, road signs and billboards.

There is a limit to what the driver can cope with, of course, but autonomous guidance systems will in the future be of great help, relieving the driver of some of the burden of find-

ing the way from his starting point to the final destination.

And we are already close to the stage where a microcomputer can monitor all the car's important functions and give the driver information or warnings as necessary.

Whether this will be done by synthesised speech or beeps and buzzes has still to be decided. Initial reaction to today's "talking" cars has been tinged with impatience and Peugeot is one company which has decided to go for other auditory warnings rather than "robot-talk."

So far it is not particularly clear which fuel will be most commonly used to power future cars. Chemical substitutes for oil-based fuels—liquefied, gaseous and powdered coal; solar-generated hydrogen and even nuclear fusion-generated hydrogen—are all seriously being investigated as energy options.

According to Toyota, the hydrogen engine is considered the most likely candidate in the race for oil alternatives. The Earth's atmosphere and the Earth's water can supply almost unlimited amounts of hydrogen. But in order to make non-polluting, efficient use of it, hydrogen accumulating alloys—another new material—must be further refined.

And before hydrogen can be used in today's engines, the problem of hydrogen-induced metal fatigue must be solved. One possibility is an all-ceramic engine, which would avoid the problem completely.

However, Dr Ulrich Seifert, Volkswagen's head of research and development, says the use of hydrogen—at least in the medium term—is limited both by the problem of storage (a drawback it shares with electricity) and safety requirements.

"As far as Europe is concerned, the discussion about alternative fuels can be restricted to methanol and LPG (liquefied petroleum gas). The question of future lead-free fuels will also influence the introduction of alternative fuels, simply because large numbers of extra fuels cannot be offered at the filling station," Dr Seifert points out.

For instance, to sell various grades of unleaded and leaded petrol, each filling station would need five pumps and the tanks to feed them—an expensive proposition.

VW is one of a number of companies which have produced

"experimental cars" to give an indication of the way they see future vehicles developing. VW's 2000 in particular showed how today's electronics can be used to "manage" the engine's and transmission's operations.

Toyota, too, with its "TCCS" has shown highly integrated and concentrated control of engine and automatic transmission functions through the use of a microprocessor-based computer. The system incorporated an advanced self-diagnostic capability to allow the engine to operate at the maximum possible level even in the event of some malfunction.

Among the other experimental cars, the Peugeot "Verz" was a car developed in ABS plastic while the Fiat "VSS" had plastic panels fixed to a high-strength, blue-coated steel frame. BL's "ECV3" fixed the plastic panels to an aluminium frame. Renault and Citroen also

have experimental cars on trial which like Peugeot's have attracted financial help from the French government and which rely heavily on plastics.

Plastics have already transformed the car interior—a wide variety is used today—polyurethane for seat cushions, spoilers, steering wheels; PVC for interior trim parts and radiator grilles; polyamide 6 and 66 for wheel trims, mirror housings; acrylics for lens covers; polypropylene for interior trim components, bumper caps, steering wheels, air intake housings, instruments panels; polyesters for grilles; polyacetal for instrument components and chips.

According to a recent Economic Intelligence Unit report, the use of plastic materials in European cars will increase from about 8 per cent by weight in 1982 to 9.5 per cent in 1990, and to 13 per cent by 1995 as more of the material is used for body panels.

Forecasters have also attempted to predict the use of electronics in cars. For example, a recent Frost and Sullivan forecast suggested that the value of electronics used in North American cars will jump from \$600m in 1982 to \$2.5bn in 1988—thus taking half the total electronics market.

Electronics market

The forecasters estimated that about half the 1988 expenditure would be for drivetrain controls and another 19 per cent would go on instrument display panels. Nobody expects long-range forecasts to turn out exactly right and there are some substantial obstacles to be overcome before the electronic plastic car can find its way to market.

While Volvo had a reputation for safety, the cars lacked the image of a Mercedes or BMW, and the company was faced by the twin problems of mounting Japanese competition and soaring oil prices, which at the time appeared to pose a major threat to larger car sales.

Volvo decided, however, that survival lay in moving its entire image up-market. The 200 series cars were upgraded, and Volvo moved firmly into the executive sector two years ago with the launch of its 760 models. At the same time, the 300 range built in Holland underwent a careful upgrading, with its marketing rebuffed heavily towards quality and high equipment levels, and away from the cut-price philosophy which has marked the majority of small car sales. The strategy has paid off. Last year, Volvo Car Corporation's

profits reached nearly \$610m on production of 265,000 units. It became the single most successful European exporter to the U.S. with over 88,000 units sold. Its performance has been such that it now plans to spend more than \$2.5bn on new plants and production facilities over the next five years. By then, it should have enough production capacity to build 425,000 cars a year—roughly the volumes being achieved by Mercedes and BMW in 1982.

The investment programme is by far the largest undertaken by the company. It should lead to one new model (albeit often based on existing ones) every six months over the period.

The position at Saab, part of the large Saab-Scania services and vehicles group, has been very similar. Again, investment in new products throughout the 1970s was low, and increasingly it found its vehicles being overshadowed by the more up-market cars from volume manufacturers.

The decision was taken, if not to abandon entirely the cheap end of the market—represented by its 99 cars—then to concentrate more on developing variants aimed more clearly at the executive sector. The launch of the 99 Turbo—the first successful application of turbocharging by any car-maker—transformed the com-

pany image. Saab considers it is now perceived primarily as a maker of high-performance cars with a reputation closing in on BMW and Mercedes.

It believes that perception will be greatly strengthened at the end of this year with the launch of the Saab 9000, a sophisticated, 16-valve car with fuel injection and a claimed top speed of 137 miles per hour.

The 9000 is Saab's first all-new car for 17 years. But even though it will not go on sale in the U.S. until late next year, Saab's success in improving its image has already shown up in sales there. They increased by 25.3 per cent in 1982, by 42.1 per cent last year and by 35.6 per cent in the first five months of this year.

Overall, Saab's sales rose from 85,000 in 1982 to 95,000 last year. Production rate, 106,000 a year at the start of 1984, is planned to have reached 120,000 by the end of this year.

By putting the retention of reasonable profit margins ahead of sales growth, however, Saab has also fared well financially. For the first time, the group broke down its financial performance by divisions last year—showing up a SKr 821m (\$84m) profit for its car division.

Porsche, West Germany's prestige sports car maker, was

hit—like other German manufacturers—by the metalworkers' strike in May and June which cost the company production of 5,600 cars. Even so, in its financial year to July it produced 44,775 cars, only 1 per cent below the previous year's total. But its value of sales reached DM 2.49bn (\$819m), a rise of 17 per cent—thanks largely to the DM-4 relationship increasing returns from North America, Porsche's largest single market.

Porsche shares with other European luxury car makers anxieties about the U.S. Administration's proposals to remove tax-deductible status from cars costing more than \$21,000.

But, like Jaguar, it has been using its increased returns to strengthen its marketing presence in the U.S., following the abandonment of its plans to end its joint distribution agreement with Audi in the U.S. and have agents "sell the cars on commission."

Porsche provides the classic example of how buyers will pay a hefty premium for a car perceived to be at the "cutting edge" of vehicle technology and with a high degree of engineering integrity. And the company is well aware that to retain its sales appeal it must continue to invest heavily in a new product.

This will show up shortly in

designing, making and supplying the plastic component to the automotive industry.

Perhaps most important of all, the European motor industry is strapped for cash. Many companies have been suffering losses and hardly any have been making a decent return on capital.

So the need to contain production and investment costs may well hinder the more widespread adoption of plastic for body panels other than for bonnets and boots (trunks) or hatchback panels.

Accordingly, the car makers will be in no desperate hurry to turn their backs on 50-odd years of metal-bashing experience and vast investment in pressing and welding equipment to make way for plastic.

Kenneth Gooding

more a year, their ability to charge higher margins on their cars, coupled with relatively favourable exchange rates and the new "flexible" production technology, has made nonsense of predictions in the late 1970s that only a handful of the very largest manufacturers would survive into the 1990s.

Volvo provides a good case in point. At the time those predictions were being made, it did indeed look as if Sweden's largest car maker was not long for this world.

While Volvo had a reputation for safety, the cars lacked the image of a Mercedes or BMW, and the company was faced by the twin problems of mounting Japanese competition and soaring oil prices, which at the time appeared to pose a major threat to larger car sales.

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Record results for the up-market producers

John Griffiths



The Ford Cargo 1617 shown here is running at 22 tonnes gross and is packed with fridges, freezers, and cookers.

But, unbelievably, it's a 16 tonne rigid, doing more than the work of a forty-foot artic and saving thousands of pounds for the South Eastern Electricity Board.

Ford are opening up some remarkable opportunities to save money, with the widest and most efficient range of drawbar configurations on the market.

We have National type approval on all Cargo trucks up to 32.5 tonnes GVM. Making the Cargo system the most flexible of all.

More loadspace less tax.

A drawbar offers you up to 50 feet, or more, total body length giving an extra 25% more usable loadspace than an artic. This means you can carry more on every trip, reducing the number of journeys

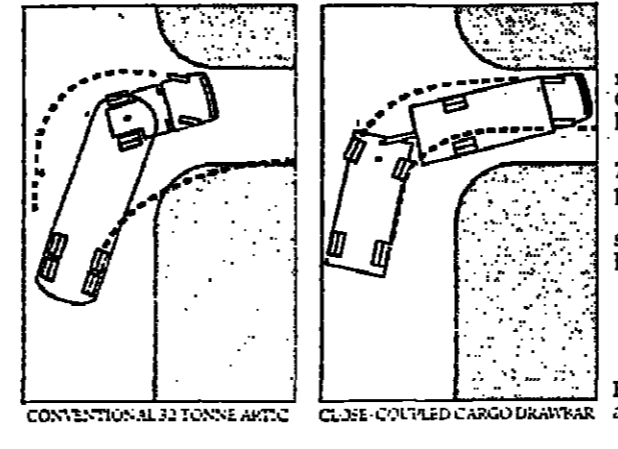
necessary and saving money on running costs.

As well as saving running costs with a drawbar you also save tax. The 1984 budget gave even greater annual tax savings, against an equivalent weight artic, of up to £1,270* per truck. And that can save a lot of money for a large fleet operator.

More manoeuvrable than an artic.

Thanks to Cargo's superb manoeuvrability and the latest drawbar linkages our drawbar trucks are outstandingly easy to drive, even in urban conditions.

According to a recent Motor Transport article on drawbar handling: "The trailer followed very well, cut-in even on sharp bends was minimal... At no time during the 50 mile run was I conscious of the length! On top of that a drawbar can be driven on a class 3 HGV licence."



The Seebord story.

South Eastern Electricity Board are completely reorganising their appliance distribution around Cargo 16 tonne drawbar trucks and a demountable body system.

Local distribution is handled by a fleet of Cargo 7.5 tonners. They project savings of thousands of pounds a year.

In addition, Seebord will make major cost savings on new district depots since appliance stores buildings will not be required.

Unbeatable experience and back-up.

Other Cargo drawbar operators include Rank Hovis McDougall, the Co-operative Wholesale Society and Associated British Foods.

In fact, Ford's experience in this market is unrivalled by any other British manufacturer. And, naturally, Cargo drawbars have the benefit of the best and most extensive dealer back-up in the country.

Drop in to your local Ford Truck Specialist Dealer. He'll show you how much you can save by taking advantage of the Cargo drawbar range and the taxman.

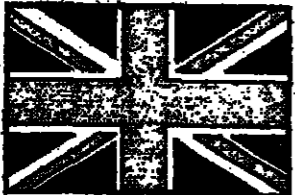
*Saving refers to a Cargo 1670 with GVM of 32.5 tonnes.

FORD CARGO 57-32.5 TONNES

Ford cares about quality.

There is little let-up in the pressure from imports, as Kenneth Gooding reports

Still struggling to compete



The UK

A GREAT DEAL of money and much effort has been spent to nurse the UK motor industry back to health from its near-fatal sickness of the 1980s.

For example, Britain is the only major European production country which perennially is in the red on its car trade with the rest of the world, one important indicator of its ability to compete.

In 1983, when sales of imported cars in the UK topped in for the first time, Britain's deficit in car trade was £2.68bn, a 40 per cent worsening from the £1.84bn the previous year.

Car exports dropped from 313,025 units worth £932m to 273,515 worth £895m. Imports rose from 824,140 worth £2,736bn to 1,075,635 worth £3,649bn.

In the first half of this year the position eased but only slightly. Car imports were worth £1,931bn compared with £1,986bn in the same months of 1983.

Exports improved from £447m to £517m, leaving an adverse trade balance down from £1,539bn to £1,414bn for the six months.

An alarmed UK Government has been pressing the two major importers, Ford and General Motors (the Vauxhall-Opel group), to build more cars in Britain rather than import them from their Continental factories.

General Motors' rapid sales improvement, however, has

been almost entirely at the expense of imports. Last year over 53 per cent of its total sales were imported cars.

In the first half of this year GM boosted its share of Britain's car market from 14.18 per cent to 17.61 per cent and its registrations rose from 130,652 to 166,251.

GM has told the UK government that its patience will be rewarded now that the new Vauxhall Astra has gone into production at Ellesmere Port. As output builds up there 50 per cent of the imported content of GM's sales should come down to nearer the Ford level.

Fall in output

In the meantime there is every sign that Britain's car output this year will drop back below 1m again, after topping that level in 1983 for the first time since 1978.

In particular, Austin Rover, BL's volume car subsidiary, is having a hard time this year after increasing car production in the UK from 306,635 in 1982 to 318,575 last year.

Ford has also fallen back this year after increasing car production in the UK from 112,669 to 126,524 cars but as previously mentioned, also retreated in the first half of 1984.

The company actually increased its UK sales during the half-year but has found that although it might have some attractive new cars, its dealer network on the Continent

is too weak to take advantage and its sales in markets such as Italy have been mangled by the bloody price wars which have developed there.

A recent reshuffle of the sales and marketing team to centralise the efforts being made outside the UK (and to try to find the right formula to re-enter the U.S. market) shows Austin Rover realises where its problems lie.

And the scheme to have its cars sold as "own-brand" products by the Massa supermarket chain in West Germany shows Austin Rover is not against attempting an innovative approach when tackling the Continental markets.

But Austin Rover remains in the unfortunate position of being the producer of a full range of cars which must compete with companies such as Fiat, Volkswagen and Renault which produce over 1m cars a year each, yet without having the distinctive image of, say, BMW, Saab or Volvo which enables those companies to survive and make profit on relatively low levels of output.

Ford has also fallen back this year after increasing car production in the UK from 306,635 in 1982 to 318,575 last year. The company's output in the January-June period this year dropped by nearly 4 per cent, from 174,140 to 167,800.

GM has a long way behind both Ford and Austin Rover last year with output up from 112,669 to 126,524 cars but as previously mentioned, also retreated in the first half of 1984.

Ironically, if Britain's car production is to top 1m again, the Iranians must continue to find ways of paying for the car kits they take from Talbot UK, the Peugeot subsidiary.

There was another hiccup in the provision of letters of credit by Iran earlier this year and as a result Talbot's car output was down from 66,775 to 56,940.

Once again, the UK Government has been told that in Talbot's case it must also wait for some time before the company's output for the British market improves.

A £20m programme to modernise the Talbot facilities in Britain is under way and the company will build a new range of cars—of medium-size—at the Ryton, Coventry, factory which currently produces the relatively ancient Horizon, Solara and Alpine models.

The new car, code-named C28, should put in an appearance late next year.

If the British Government had had its way, car output this year would have been considerably boosted by a major Nissan plant, pouring out cars at the rate of 100,000 a year.

Nissan's internal battles—Mr Katsuji Kawamata, the 79-year-old chairman, was implacably opposed to the scheme which he thought might turn into a white elephant—delayed the decision for two years.

Nissan has only just begun preparing its UK site at Washington, Tyne and Wear, for a token assembly facility to produce 24,000 cars a year from Japanese kits.

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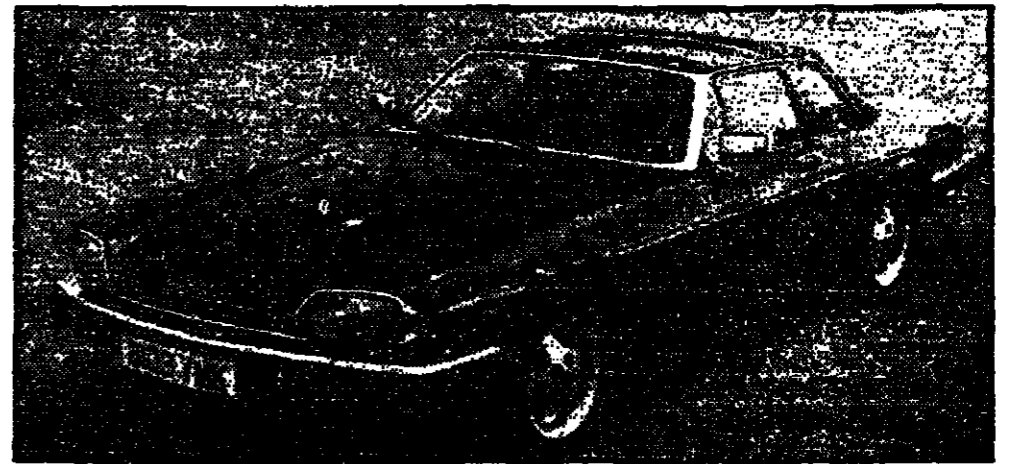
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Jaguar's XJS 3.6 Cabriolet coupé production is being transferred from the subcontractor to the factory to meet demand

World vehicle production

Table with columns for manufacturer, 1982 production, 1983 production, 1984 first half, and 1985 first half. Lists various manufacturers like General Motors, Ford, Toyota, etc.

Source: Motor Vehicle Manufacturers Association of the U.S.



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We're Delco Products and we design and manufacture a wide range of automotive systems and components. Systems that can provide you with the quality and flexibility you need for day-to-day and long-range planning.



Motor Industry 7

Cautious forecasts after the troubles



W. Germany

EXECUTIVES of the German motor-vehicle industry gathered in Baden-Baden recently to review the somewhat traumatic events of the year and to peer into the still clouded crystal ball for a sign of things to come next year.

Baden-Baden, set in a basin of not chilly atmosphere in southern Germany, is one of those elegant spa towns renowned as a conference centre and as a resort for invigorating health cures.

The choice for the recent gathering is perhaps not without some unconscious symbolism, in view of the nerve-shattering experiences which the motor-vehicle industry has been going through.

This year has come like a cold shower to West German vehicle makers, who have been jolted by the labour conflict over shorter working hours and by wounding and uncertainty in the controversy over plans to tighten car emission controls.

Vigorous

But judging by the vigorous attempts to make up some of the production lost during the seven-week labour dispute and by resolute avowals to fulfil latest emission control plans, the therapeutic effects of this year's troubles seem to be outweighing the shocks to the system.

Even so, the industry is more than usually reticent about forecasting the coming year as the domestic market in particular is still surrounded by uncertainties.

There have been signs this year that potential buyers have been confused and cautious. For some time there was concern that the labour conflict might seriously upset economic growth prospects, and although these worries have ebbed, the emission control controversy has remained an unsettling factor.

The public debate — and political manoeuvring — about emission controls has been going on ever since Herr

Friedrich Zimmermann, the Interior Minister, took a surprise initiative in summer of last year.

His official plan was purely and simply that no new car should be registered in West Germany after January 1, 1986, unless it was fitted with a catalytic converter to filter exhaust pollutants — a move requiring the introduction of lead-free petrol.

The political twists and turns since then have been bewildering as the Bonn government has sought to come to terms with the technical complexities and with pressures for European-wide agreement in order to prevent trade conflict.

The government has endeavoured to dispel uncertainty and at the same time to meet motor industry requirements with a new set of decisions in mid-September, but whether this will really be the last word remains to be seen.

According to the latest decisions, Bonn intends to introduce stringent U.S. emission controls in stages, applying them to larger cars from January 1, 1986, and to all cars from the beginning of 1989. It will introduce financial inducements to encourage motorists to buy cars equipped with catalytic converters earlier than these deadlines.

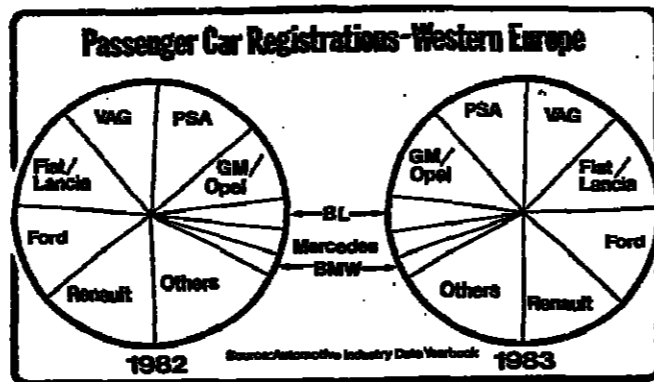
The financial incentives — whose form caused much of the political wrangling — are to apply next year, possibly from July 1.

Bonn politicians assert that, if necessary, West Germany will go it alone in sticking to its latest deadlines even if other European countries block an EEC-wide agreement. The government hopes, however, that the EEC can be persuaded to bring forward its joint action deadline of 1985 in order to reach West Germany's goal, despite the objections of France and Italy.

The West German vehicle manufacturers are relieved that Bonn has retreated from Herr Zimmermann's original target date, which was considered by many to be impractical.

While Daimler-Benz, for one, has expressed dissatisfaction that larger vehicles should be singled out as an earlier target for the new controls, manufacturers have welcomed the new approach as demonstrating more flexibility and realism.

Some manufacturers have been upset lately, however, by calls for the introduction of speed limits on West German autobahns as a further measure



West German motor vehicle production

	1982 (January-December)	1983 (January-August)	1984 (January-August)
Cars	3,761,436	3,377,640	2,504,938
Commercial vehicles (including trucks)	201,230	222,910	178,535
Total	4,962,666	4,170,550	2,683,473

to reduce car exhaust emissions and safeguard the environment. Such calls are seen as a blow at the industry's technological prowess as well as another factor likely to cause uncertainty among potential buyers.

In the wake of the labour dispute in May and June, the car industry has reconciled itself to a setback in this year's performance in terms of production, domestic registrations and exports. But the shortfall may not be as great as feared at first.

With almost all vehicle assembly at a halt, the industry missed out on production of an estimated 423,000 cars, trucks and other commercial vehicles — about a tenth of annual output. This amounted to lost sales revenue of about DM 10.5bn (\$3.4bn).

Measures

Many plants, however, operated during the normal summer holiday shutdown and other measures have also been taken to make up at least some of the lost production. Daimler-Benz, for instance, aims by the end of the year to make up about 40 per cent of its lost car output, aided by capacity at its new Bremen plant.

By the end of August, car production in West Germany was running 7.6 per cent below the first eight months of last year. Production for the whole year is expected to reach between 3.7m and 3.8m, compared with 3.85m last year. New car registrations up to

the end of August were 2.9 per cent below a year ago and are thought likely, by the end of the year, to be just trailing last year's 2.4m total.

Car export markets, particularly the U.S., have been promising this year and the interruption to production was all the more bitter for companies anxious to benefit from the high dollar. In August, the number of vehicles exported was nearly a third higher than a year ago, but exports since the beginning of the year were still trailing 5 per cent behind last year.

While Japanese car makers have increased their sales in West Germany this year, local manufacturers are confident that the Japanese market share — inflated by the effects of the strike — will fall back by the end of the year. Up to the end of August, the Japanese had gained a 12.5 per cent market share, compared with 10.6 per cent for the whole of last year.

Concern about international competitiveness induced the West German car makers to stand firm in this year's labour dispute despite the heavy immediate costs. IG Metall, the metalworkers' union, settled in the end for an average working week of 38.5 hours, compared with its original demand of a cut in the working week from 40 to 35 hours.

The shorter working week is to come into force in April next year, although Volkswagen — which has a separate union contract — is granting shorter hours in the form of nine extra days

off a year, starting from January 1.

Some car companies have been quick to draw up plans for recruiting more workers, in view of expansion plans as well as the imminence of shorter hours.

Daimler-Benz, for instance, announced that it was taking on a further 2,000 workers in the second half of this year, in addition to a similar number of recruitments in the first half. Volkswagen and its Audi subsidiary have also been preparing plans for major recruitment of workers.

BMW, whose early reaction to the shorter working hours agreement was to stress the need for further automation, is pressing ahead with construction of its new plant at Regensburg.

At Bremen, Daimler-Benz has invested DM1.1bn in the last four years to build up a second major car assembly plant in addition to Sindelfingen near Stuttgart. Since the beginning of the year, the company has been steadily expanding its output of the 190-series "compact" class at Bremen, which is also produced in a parallel operation at Sindelfingen.

While VW has been basking in the continued success of its new Golf — of which it has produced more than half a million since June last year — Opel has been gearing up for a new assault on market shares with the recent launch of its new Kadett. With an investment of DM 1.5bn in the project, the General Motors subsidiary has mounted a new challenge to such rivals as VW and Ford in Europe.

In the U.S., VW is gearing up meanwhile to launch its new Golf on the market in November, after steadily expanding production of the car there. Like most West German car makers it has been looking to the U.S. for a hefty boost to its earnings this year.

Porsche, which sells nearly half its output in the U.S., has launched its independent U.S. importing and distribution unit after severing its joint arrangement with VW's Audi subsidiary. With production strained to capacity, Porsche is also pressing ahead with investment to enable it to lift output.

The West German commercial vehicle sector, which has suffered from recession and less favourable export markets in recent years, generally remains in low gear.

John Davies

Auto manufacturers compared

Figures in thousands

	1979 Total Share vehicles (%)	1980 Total Share vehicles (%)	1981 Total Share vehicles (%)	1982 Total Share vehicles (%)
GM and subsidiaries	8,653 21.4	7,101 18.3	6,762 16.0	6,244 17.1
Ford and subsidiaries	5,810 14.8	4,328 11.1	4,313 11.4	4,255 11.7
Chrysler and subsidiaries	1,796 4.3	1,225 3.2	1,283 3.4	1,182 3.2
Total	16,599 39.5	12,654 32.6	12,358 32.8	11,681 32.0
VW and subsidiaries	2,542 6.1	2,574 6.6	2,246 6.0	2,139 5.8
Renault and subsidiaries	1,899 4.5	2,054 5.3	1,812 4.8	1,967 5.4
Peugeot and subsidiaries	2,902 7.1	1,647 4.2	1,485 3.9	1,424 3.9
Fiat and subsidiaries	2,559 6.2	2,537 6.2	1,985 5.2	2,046 5.6
Toyota	2,996 7.1	3,203 8.5	3,229 8.5	3,146 8.6
Japan total	9,838 23.9	11,043 28.4	11,189 29.7	10,732 29.5
Others	6,943 16.5	6,466 16.7	6,889 17.5	6,480 17.8
World total	42,026 100.0	35,935 100.0	37,658 100.0	36,460 100.0

Sources: JAMA for Japan; annual reports for each company. Note: 1. Production figures for the three U.S. manufacturers are ex-factory number of vehicles. 2. Japan figures exclude KD cars.

Pulling out of recession

BRAZIL'S VEHICLE manufacturing industry is slowly pulling out of the worst recession it has ever known: a recession which has set the industry back ten years in terms of output, and cost the multinationals which dominate the sector hundreds of millions of dollars in balance sheet losses.

In 1979, when domestic sales reached their all-time peak of just over a million, Brazil was ranked ninth in the world manufacturing league. It was level pegging with Spain and Canada and on a rising curve. Two years later came the great collapse. At a time when the "big four" car makers were investing heavily in new models and production facilities, sales plummeted by 40 per cent.

Instead of folding under the impact of such a blow, however, Brazilian vehicle manufacturers have picked themselves up off the floor and climbed back into the ring.

Domestic sales of cars and pick-ups in fact remain depressed and the industry's forecast for this year is for a slight decline on last year's \$29,000. But booming exports have saved the day, avoiding heavier lay-offs and restoring some respectability to balance sheets.

Truck sales, although still a long way below their 1980 peak of 157,000 units, are, in contrast, enjoying a much stronger than expected recovery.

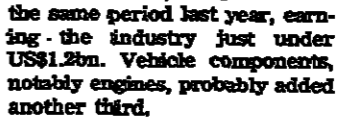
The industry's ability to sustain three successive years in the red is also a clear comment on the faith of the manu-

facturers in the long-term potential of the Brazilian market. Belief in Brazil's suitability as a manufacturing base for exports as well as, if anything, even stronger than before the country's debt crisis.

Total vehicle exports rose by 19 per cent between January and September, compared with the same period last year, earning the industry just under US\$1.2bn. Vehicle components, notably engines, probably added another third.

Final manufacturing has in recent years settled into a pattern which is unlikely to be significantly altered in the foreseeable future. Two European companies (Volkswagen and Fiat) compete head on in all segments of the passenger car market with two U.S. companies (Ford and General Motors).

The Japanese have been virtually excluded from the Brazilian industry. Their participation is limited to the manufacture of light pickups and motor-cycles.



Brazil

As for ownership of the major producers, Ford and GM are both 100 per cent subsidiaries of their U.S. parents, while Fiat and VW do Brazil while Fiat Government holds a 10 per cent stake in VW do Brazil. However, the existence of a settled cartel of car manufacturers operating behind high protectionist barriers should not suggest that the fortunate four face an easy life. On the contrary, competition for market share is fierce.

Andrew Whitley

Andrew Whitley

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